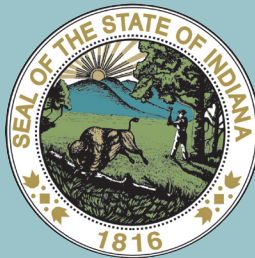


Indiana



Department of Financial Institutions

2007 ANNUAL REPORT



STATE OF INDIANA
Department of Financial Institutions

2007 ANNUAL REPORT
Year Ended December 31, 2007

Mitchell E. Daniels, Jr.
Governor

Becky Skillman
Lieutenant Governor

Judith G. Ripley
Director



Table of Contents

DIRECTOR RIPLEY'S COMMENTS 8

HISTORY OF DIRECTORS 9

MISSION, VISION, AND STAKEHOLDERS 10

GOALS AND STRATEGIES 11

MEMBERS OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS 12

DEPARTMENT PERSONNEL 13

OVERVIEW 15

Introduction

Comparative Financial Statement

LEGISLATIVE CHANGES 18

DIVISION OF BANKS AND TRUST COMPANIES 26

Organizational Chart

Comparative Statement of Condition

Holding Company Ownership Analysis

Total Assets of Indiana Banks

Status Changes

Active Commercial Banking Institutions

DIVISION OF CREDIT UNIONS 46

Summary of Activity

Comparative Statement of Condition

Income Statement

Total Credit Union Assets

DIVISION OF CONSUMER CREDIT 52

Summary of Activity

New Consumer Loan Licensees

New Small Loan Licensees

New Money Transmitters

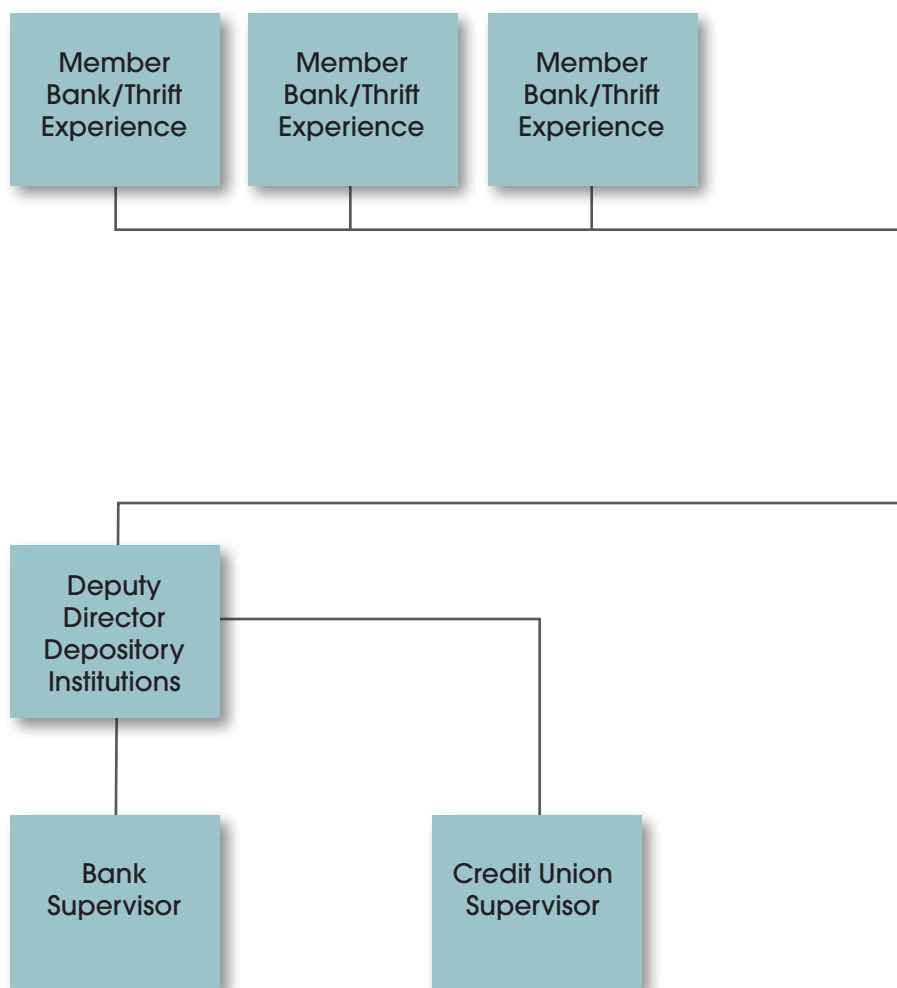
New Pawnbroker Licensees

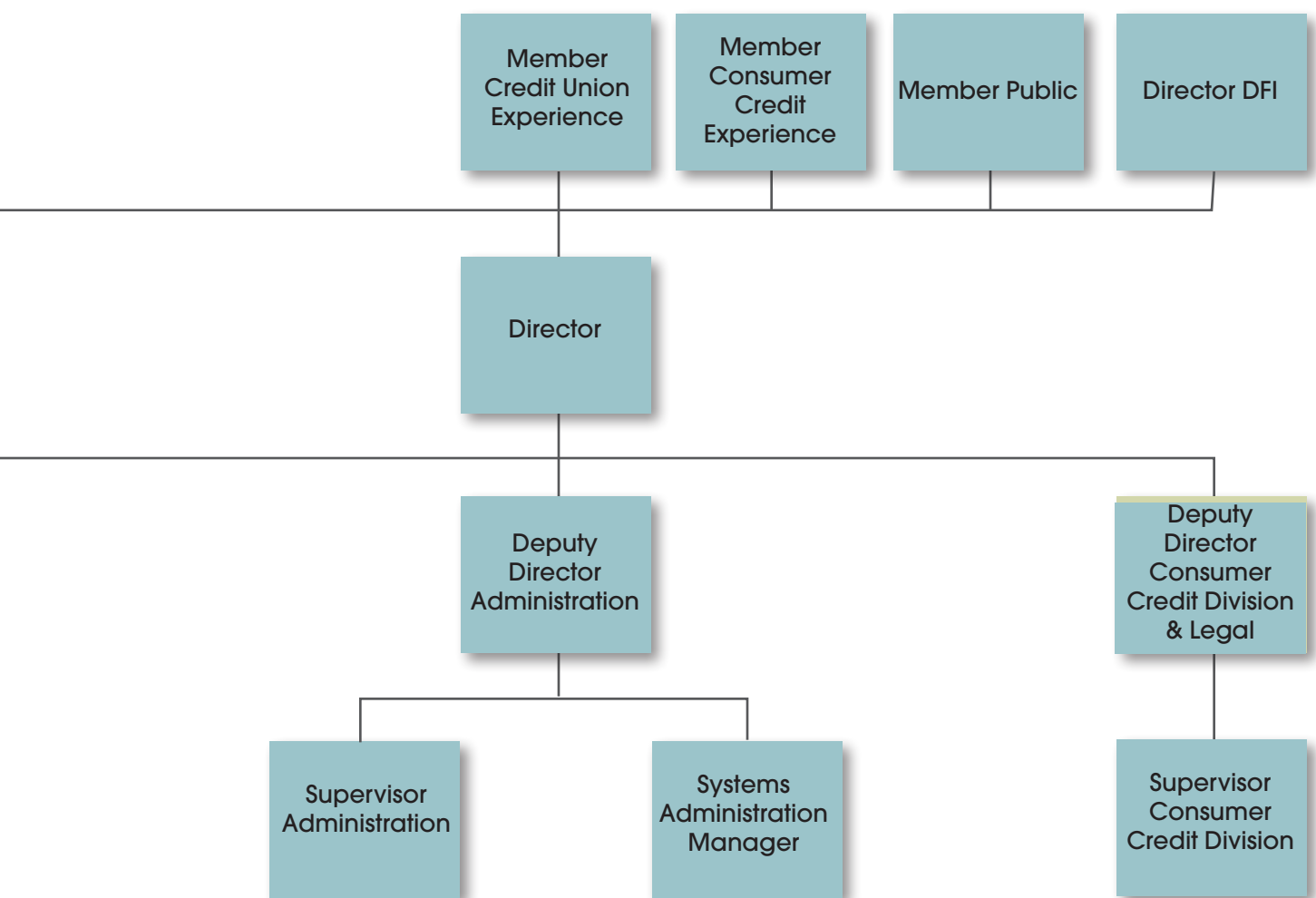
DIVISION OF ADMINISTRATION 60

Organizational Chart



Department of Financial Institutions







Judith G. Ripley

Director

2007 has been a particularly busy year for the DFI as far as planning and structure. Having increased staff compensation the previous year, we determined that we needed to take a hard look at our structure and productivity. In order to fairly compensate staff and maintain some parity with our federal counterparts we needed to evaluate our mission and goals. We embarked on a strategic planning process that involved all aspects of our department. We are quite invested in our plan and will use it as we move forward.

In undertaking this process we began with the 1932 Study Commission for Indiana Financial Institutions created by the Seventy-Seventh General Assembly. The Secretary for the Commission was Herman Wells. Secretary Wells, of course, later went on to be Chancellor of Indiana University. The study took two years and was transmitted to Governor Harry G. Leslie. Based upon the report the Commission proposed legislation that created the present Department of Financial Institutions. The Commission Study is incredibly modern in its message. At the time the Commission Study was completed the number of annual bank failures was significant. The Commission determined that the best possible scenario for banks to maintain solvency was through consistent supervision giving the supervisory authority the necessary statutory disciplinary powers to stop unsafe and unsound practices. Thus, the department was given much latitude in its ability to determine when and how often exams would occur. The Study called for the department to "maintain reasonable and modernized facilities for continuing research and analysis." It also called for a non-partisan board and for funds to sustain the department to come from "examination and license fees charged the various financial institutions" and "not one cent is to be paid by the public." The Study also recognized the value of compensating staff adequately as maintaining staff was of paramount importance. The Study also gave the responsibility for determining changes in the law to the DFI stating that the department has the most knowledge and information regarding what laws needed to be enacted, updated or changed. It is quite interesting to observe the foresight of the 1932 Commission. Now approaching the 75th year of the DFI's existence, we still find the 1932 Study pertinent.

During the 2007 session of the Indiana General Assembly many questions were put to the DFI regarding the problems that are surfacing in the mortgage loan arena. The DFI was active in addressing this issue. One result of the subject was an Interim Study Committee to determine causes and solutions for the high number of mortgage foreclosures and defaults. The DFI was very involved in this interim committee. So, it was with great interest we read the section of the 1932 Study on real estate loans and investments. In addressing real estate loans the commission stated; "Too great a proportion of funds invested in long-time non-liquidating securities may upon occasion cause banks serious embarrassment when they are called upon to repay depositors." The strategic planning process will continue as we set our sights on the next few years.

This year marked another significant retirement. J. Phillip Goddard who served as General Counsel and Director of Consumer Credit for the DFI retired after thirty two years. Along with Phil's leaving went his remarkable knowledge of the DFI's legal history.



History of Directors 1933 - 2007

Richard McKinley

from January 1933 to November 1939

Ross H. Wallace

from January 1940 to June 1943

A.J. Stevenson

from July 1943 to December 1944

Joseph McCord

from January 1945 to September 1965

Donald H. Sauer

from October 1965 to June 1969

James Faris

from July 1969 to June 1980

William T. Ray

from July 1980 to June 1983

Ruth D. Harrison

from July 1983 to May 1989

Charles W. Phillips

from June 1989 to June 2005

Judith G. Ripley

from August 2005 to Present

The Department's Mission, Vision and Stakeholders

Mission

To regulate and supervise financial services providers in a manner that assures the residents of Indiana adequate and proper financial services; protects the interest of depositors, borrowers, shareholders and consumers; promotes safety and soundness in Indiana financial institutions; and advocates and enforces compliance with applicable state and federal laws.

Vision

To be among the best state financial services regulators in the country by consistently applying appropriate safety and soundness standards, assuring consumer protection, and promoting economic development.

Stakeholders

The Department's primary stakeholders are the public, legislative bodies, regulated financial services providers, other regulatory agencies, financial services associations, and its employees.

provider

The Department's Goals and Strategies

Goals and Strategies

Consistent with the Department's identity, vision and goals, the Members, the Executive Team, and the Senior Departmental staff have adopted goals and strategies to:

- Maintain a qualified, diversified, effective, and empowered staff with a focus on continuous improvement, professional development, integrity, and a collegial, challenging work environment.
- Develop and maintain an effective management structure with emphasis on leadership training, continuing technical education, strategic planning, management succession, fiscal responsibility, and policy development.
- Use a set of consistent regulatory standards to evaluate the adequacy of existing regulation and to consider the need for new regulation of financial transactions not presently supervised.
- Be proactive with Indiana State Legislators to keep Indiana in step with the changing financial services environment, protect consumers, and promote economic development.
- Monitor, embrace, and implement advancing technology in all forms of communications and computer technology to maximize Departmental efficiency, to provide more effective regulation, and to challenge our employees towards higher levels of performance.

Oxford Financial Group, Ltd., Carmel, Indiana



Members of the Department



Richard J. Rice, Chairman

South Bend
Credit Union Member

Mark A. Schroeder, Vice Chairman

Jasper
Bank/Thrift Member

Donald E. Goetz

Demotte
Bank/Thrift Member

Michael W. Davis

Muncie
Consumer Credit Member

Paul R. Sweeney

Vincennes
Member at Large

Judith G. Ripley

Director
Department of Financial Institutions

Vacant

Bank/Thrift Member

Knowledge

Department Personnel

Judith G. Ripley

DIVISION OF BANKS AND TRUST COMPANIES DIVISION OF SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS

James M. Cooper, Deputy Director
Randall L. Rowe, Bank Supervisor

SPECIAL ACTIONS

Kirk J. Schreiber, Senior Bank Analyst

REGULATION & SUPERVISION

Richard C. Nelson, Senior Review Examiner

BANK DIVISION EXAMINATION STAFF DISTRICT 1

J. Deron Thompson, Regional Field Supervisor
Thomas C. Fite,
Assistant Regional Field Supervisor

| | |
|-------------------------|--------------------------------|
| Douglas H. Tussey - I | Vernita L. Early, C.P.A. - III |
| David H. Hoeferkamp - I | Alfred R. Westfall - III |
| Francis J. Tata - I | Nathan M. Riley - III |
| Jacob P. Swanson - I | David M. Mote - III |
| Marc A. Ward - I | Eric Akiwumi - IV |
| Chad L. Kozuch - I | Kathryn C. Swim - IV |
| Chris C. Dietz - II | |
| Kevin M. Vaughn - II | |

DISTRICT 2

Paul G. Brockman, Regional Field Supervisor
Mark A. Moreland,
Assistant Regional Field Supervisor
Lee T. Reid - I
Eric S. Neal - I
Steven R. Wachter - I
Robin R. Upchurch - I
Janelle L. Tierney - I
Matthew W. Howrey - II
Patrick W. Land - III

DIVISION OF CREDIT UNIONS

James M. Cooper, Deputy Director
Mark K. Powell, Supervisor
David D. Pogue, Field Supervisor
Mark A. Walters - I
Gloria A. Thomson, C.P.A. - I
D. Scott Shelton - II
Matthew R. Dilly - II
Charles R. Hall - III

DIVISION OF CONSUMER CREDIT

John J. Schroeder,
General Counsel and Deputy Director
Mark B. Tarpey,
Supervisor of Consumer Credit Division
James D. Harrell,
Assistant to the Supervisor
P. David Larson,
Compliance Examiner-Special Projects

CONSUMER CREDIT EXAMINATION STAFF DISTRICT 1

Rick A. Bane, Field Supervisor
George M. Hicks - I
John D. Heckard - II
Ned W. Brown - II
Aaron B. Sweet-III
Jared W. Josleyn - III

DISTRICT 2

Robert W. Benbow, Field Supervisor
Scott J. Imbus - I
Kent D. Sager - I
Dee A. Stauffer - I
Collin P. Shipman - III
Tabitha M. Butts - III

LEGAL DIVISION

John J. Schroeder,
General Counsel and Deputy Director
Constance J. Gustafson, Associate Counsel

DIVISION OF ADMINISTRATION

Gina R. Williams, Deputy Director
Troy D. Pogue, Supervisor of Administration
Daniel T. Burkman,
Systems Administrator - Manager
Lisa Ho, ASA/Programmer - Intermediate
Renita D. Stubbs, UCCC Filing Coordinator
Janice L. Davis, Personnel Assistant
Jan L. Rilenge, Accountant
Beth A. Risacher, Program Coordinator

OFFICE SUPPORT STAFF

Judy C. Jones, Administration Division
Sharmaine W. Stewart, Bank Division
Angie M. Smith, Bank Division
Georgia R. Wagoner,
Consumer Credit and Credit Union Divisions
Ronda K. Bailey, Executive Secretary

Examiner Certifications

BANK DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Brockman, Paul G.
Cooper, James M.
Moreland, Mark A.
Rowe, Randall L.
Thompson, Deron J.

CERTIFIED EXAMINER IN CHARGE (“CEIC”)

| | |
|---------------------|---------------------|
| Dietz, Chris C. | Schreiber, Kirk J. |
| Fite, Thomas C. | Swanson, Jacob P. |
| Hoferkamp, David H. | Tata, Francis J. |
| Howrey, Matthew W. | Tierney, Janelle L. |
| Kozuch, Chad L. | Tussey, Douglas H. |
| Neal, Eric S. | Upchurch, Robin R. |
| Nelson, Richard C. | Wachter, Steven R. |
| Pogue, Troy D. | Ward, Marc A. |
| Reid, Lee T. | Williams, Gina R. |

CERTIFIED CREDIT EXAMINER (“CCE”)

Early, Vernita L.
Riley, Nathan M.
Vaughn, Kevin M.
Westfall, Alfred R.

CREDIT UNION DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Powell, Mark K.
Pogue, David D.

CERTIFIED EXAMINER IN CHARGE (“CEIC”)

Shelton, Scott D.
Thomson, Gloria A.
Walters, Mark A.

CERTIFIED CREDIT EXAMINER (“CCE”)

Dilly, Matthew R.

CONSUMER CREDIT DIVISION CERTIFICATIONS

CERTIFIED EXAMINATIONS MANAGER (“CEM”)

Bane, Rick A.
Benbow, Robert W.
Tarpey, Mark B.

COMPLEX INSTITUTIONS SPECIALIST (“CIS”)

| | |
|-------------------|------------------|
| Brown, Ned W. | Imbus, Scott J. |
| Harrell, James D. | Sager, Kent D. |
| Heckard, John D. | Stauffer, Dee A. |
| Hicks, George M. | |

DEPOSITORY INVESTIGATIONS

SPECIALIST (“DIS”)

Butts, Tabitha M.
Shipman, Collin P.

NON - LENDER COMPLIANCE

EXAMINER (“NLCE”)

Joselyn, Jared W.

OTHER CERTIFICATIONS

CERTIFIED PUBLIC ACCOUNTANT (“CPA”)

Early, Vernita L.
Sweet, Aaron B.
Thomson, Gloria A.

CERTIFICATION PLAN OVERVIEW

In 1999 the DFI adopted an examiner certification program that was intended to promote professionalism and provide an improved career path. The DFI Certification Program incorporates the structure developed by the Conference of State Bank Supervisors. It provides for multiple levels of examiner certification, each tied to a financial incentive contingent upon continued successful performance.

The available certification levels are as follows:

Bank and Credit Union Divisions

Consumer Credit Division

COE – Certified Operations Examiner
CCE – Certified Credit Examiner
CEIC – Certified Examiner in Charge
CEM – Certified Examinations Manager
CPA – Certified Public Accountant

Consumer Credit Division

NLCE – Non-Lender Compliance Examiner
DIS – Depository/Investigations Specialist
CIS – Complex Institutions Specialist
CEM – Certified Examinations Manager
CPA – Certified Public Accountant

Both the initial certification and the retention of the designation are dependent upon the examiner’s successful performance, and professional development.

Department Overview

The Department of Financial Institutions was created by the Indiana Financial Institutions Act of 1933 ("Act"). This Act incorporated substantially all of the recommendations of a 1932 Study Commission that had been formed to address the regulation and control of financial institutions after the Great Depression of the 1930s. It commissioned the Department with the responsibility for supervising commercial banks, trust companies, private banks, savings banks, building and loan associations, credit unions, and finance companies incorporated under the laws of the State of Indiana. Since that time the scope of the regulatory responsibilities with which the Department has been charged has been broadened substantially. In 1971, Indiana adopted the Uniform Consumer Credit Code "UCCC" in order to simplify, clarify, and modernize consumer credit laws. The Department became the administrator of the UCCC at that time. In addition to regulating licensees under the Uniform Consumer Credit Code, the Department's responsibility has also been expanded to include the supervision of pawnbrokers, licensees under the Indiana Small Loan Act, industrial loan and investment companies, corporate fiduciaries, money transmitters, check cashers, budget service companies, and rental-purchase agreement companies.

The Department is a self-funded (dedicated funds) agency that is entirely supported by fees paid by the institutions that are regulated and supervised by the Department. Indiana Code 28-11-3-5 grants the Department the authority to generate revenue to fund its ongoing operations. Each year, the Department adopts a schedule of fees to cover operating costs. The Department's revenue is derived solely from supervision, examination, and license fees that are assessed to those financial institutions that are regulated by the Department.

Effective July 1, 2007, the Department was granted quasi-agency status by the Indiana General Assembly. This grants the Department more independence, allowing it to operate outside the oversight of certain state agencies. The intent is to allow the Department to operate more efficiently and effectively. The Department remains a non-cabinet level department of the executive branch of the Government of Indiana and remains subject to legislative oversight and audit by the State Board of Accounts.

The policy-making power of the Department is vested in a bipartisan board of seven Members who are appointed by the Governor. The Director of the Department serves as an ex officio voting Member. Indiana law requires that three of the

Members shall be persons of practical experience at the executive level of a state chartered bank; a state chartered savings association; or a state chartered savings bank; one Member shall be a person of practical experience at the executive level of a lender licensed under I.C. 24-4.5; one Member shall be a person of practical experience at the executive level of a state chartered credit union. In the appointment of the remaining one Member of the Department, the Governor shall have due regard to a fair representation of the consumer, agricultural, industrial, and commercial interests of the state. Not more than three Members can be affiliated with the same political party.

The Executive Team consists of the Director, who serves as the Chief Executive and Administrative Officer and three Deputy Directors. The Director is responsible for the administration of the policies established by the Members and all applicable legislative actions or policies. The Director exercises managerial control over the work of the Department, including its staff of deputies, supervisors, examiners and administrative personnel.

Within the Department there are six divisions, each under the direct control of a deputy or supervisor. These are the Division of Banks and Trust Companies, Division of Consumer Credit, Division of Credit Unions, Division of Savings and Loans, Division of Administration, and the Legal Division.



***Hendricks County Bank & Trust,
Brownsburg, Indiana***

Division Awards

The following employees celebrated milestone anniversaries with the DFI during 2007:

ADMINISTRATION

Janice Davis - 25 Years of Service
Troy Pogue - 15 Years of Service
Beth Risacher - 15 Years of Service
Lisa Ho - 10 Years of Service

BANK DIVISION

James Cooper - 25 Years of Service
Mark Moreland - 25 Years of Service
Kirk Schreiber - 20 Years of Service
Jacob Swanson - 20 Years of Service
Robin Upchurch - 15 Years Service
Matt Howrey - 5 Years of Service
Al Westfall - 5 Years of Service

CONSUMER CREDIT

Ned Brown - 20 Years of Service
Scott Imbus - 15 Years of Service

CREDIT UNION

Mark Walters - 15 Years of Service
Scott Shelton - 10 Years of Service

recognition

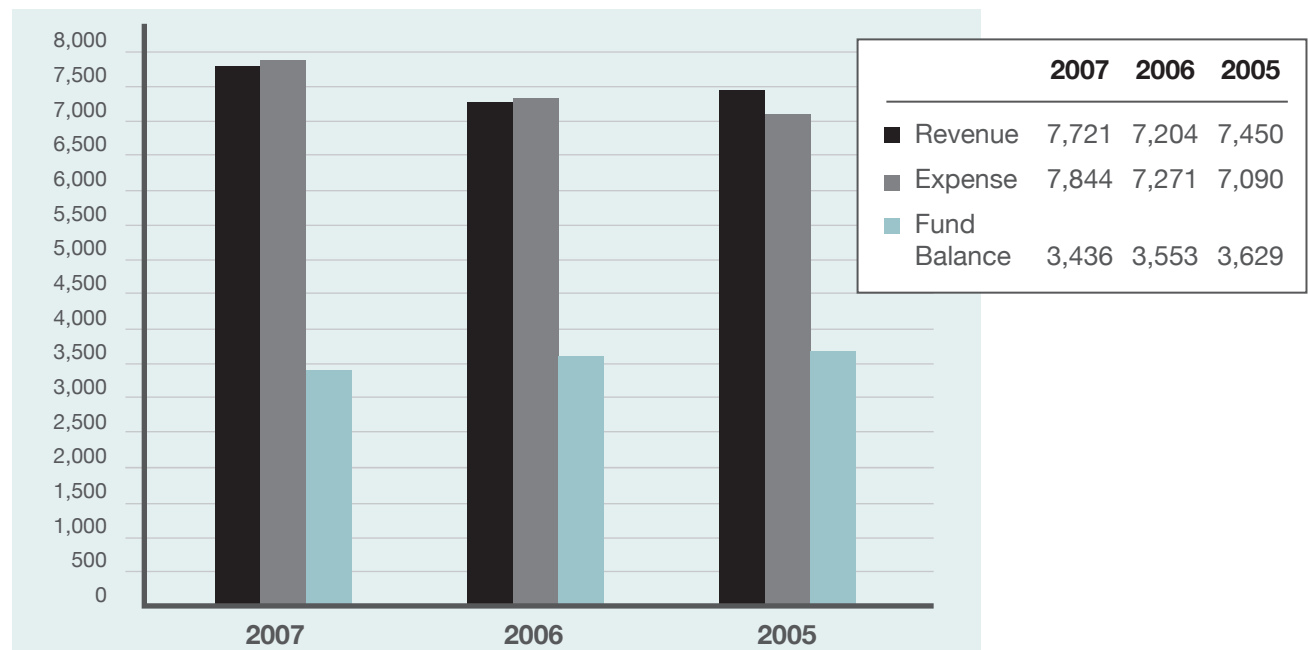
Revenue and Expenditures

| REVENUE | 2007 | 2006 | 2005 |
|-----------------------------|--------------------|--------------------|--------------------|
| Bank Fees | 3,647,342 | 3,164,304 | 3,058,138 |
| Savings & Loan Fees | 47,896 | 49,346 | 32,953 |
| Credit Union Fees | 795,341 | 698,499 | 667,678 |
| Pawnbroking Licensing Fees | 92,230 | 98,725 | 65,995 |
| Application /Misc. Fees | 79,654 | 60,163 | 87,500 |
| Budget Service Company Fees | 7,420 | 3,630 | 1,100 |
| UCCC Fees | 2,923,393 | 3,019,235 | 3,480,217 |
| Rental/Purchase License | 43,715 | 42,395 | 27,025 |
| Money Transmitter Fees | 29,400 | 25,353 | 14,859 |
| Check Cashers Fees | 54,770 | 42,365 | 14,555 |
| Total Revenue | \$7,721,161 | \$7,204,015 | \$7,450,020 |

EXPENDITURES

| | | | |
|--|--------------------|--------------------|--------------------|
| Personnel Costs | 6,289,455 | 5,776,440 | 5,663,386 |
| Utilities, Postage, and Subscriptions | 170,108 | 180,039 | 170,147 |
| Contract Services | 444,185 | 428,818 | 380,342 |
| Office Supplies | 27,483 | 41,589 | 41,811 |
| Equipment/EDP Development/Software | 64,070 | 89,104 | 108,364 |
| Travel In-State | 577,084 | 563,984 | 540,819 |
| Travel Out-of-State | 22,726 | 16,448 | 15,939 |
| Personnel Development & Related Travel | 248,413 | 174,227 | 169,577 |
| Total Expenditures | \$7,843,524 | \$7,270,649 | \$7,090,385 |

| | | | |
|----------------------------|-------------|-------------|-------------|
| Net Revenue (Expenditures) | (122,363) | (66,634) | 359,635 |
| Cash Balance, July 1 | 3,564,852 | 3,631,486 | 3,271,851 |
| Cash Balance, June 30 | 3,442,489 | 3,564,852 | 3,631,486 |
| Less Encumbrances | 6,365 | 11,824 | 2,184 |
| Fund Balance, June 30 | \$3,436,124 | \$3,553,028 | \$3,629,302 |



Legislative Changes

The department was instrumental in drafting and promoting the passage in the 2007 General Assembly of legislation containing many provisions relating to financial institutions and licensees that come under department jurisdiction.

Highlights of this legislation are as follows:

Changes Affecting the Department of Financial Institutions:

1. *Quasi-Agency Status:* The General Assembly established the DFI as a quasi-agency granting more independence for the DFI and allowing it to operate outside the oversight of certain state agencies. The DFI remains subject to legislative oversight and complies with Open Door and Access to Public Records laws. The DFI also continues to be subject to audit by the State Board of Accounts and the DFI members and employees are required to comply with state ethics laws. [IC 28-11-1-1]
2. *Composition of Members:* The composition of the members may now be three members from banks, savings and loans and savings banks collectively, rather than two from banks and one from savings and loans. The change recognizes the limited number of state chartered thrifts in Indiana. [IC 28-11-1-3]

Banks and Trust Companies, Stock Savings Banks, Holding Companies, Corporate Fiduciaries, and Industrial Loan And Investment Companies:

1. *“Sound Capital” v. “Capital and Surplus”:* The term “sound capital” as used in the Acts has become antiquated and is no longer used in many states and in the acts governing federal financial institutions. To replace “sound capital,” the term “capital and surplus” is now defined in the Acts at IC 28-1-1-3(10), IC 28-1-13-1.1 and IC 28-5-1-3. “Capital and surplus,” including the

terms “unimpaired capital” and “unimpaired surplus,” has the meaning set forth in 12 CFR 32.2. This change is consistent with federal and many other state laws, brings Indiana up-to-date in an important area and will ease the difficulty some state institutions have when acquiring additional real estate for expansion and branching.

2. *Change of Control:* In addition to language clarifying the definition of “control,” the statute has been amended to add subsection (f) which specifies that change of control provisions found in subsection (a) do not apply to any transaction in which the Director of the DFI determines that the relative direct or beneficial ownership of the bank, trust company, stock savings bank, holding company, corporate fiduciary, or industrial loan and investment company does not change. [IC 28-1-2-23]
3. *Plans of Exchange:* The plan of exchange must list all persons who are or who have been selected to become directors or officers of the holding company, a description of their principal occupations, a list of all offices and positions held by them during the past five (5) years, and information about whether any of them is under indictment for; has been convicted of; or has pleaded guilty or nolo contendere to a felony involving fraud, deceit, or misrepresentation under the laws of Indiana or any other jurisdiction. [IC 28-1-7.5-4]
4. *Voting Rights on Plan of Exchange:* Unless the articles of incorporation provide otherwise, each outstanding share of the bank, trust company, corporate fiduciary, or stock savings bank and, if the articles of incorporation of the holding company are to be amended in the plan, the holding company, is entitled to one (1) vote. Regardless of provisions relating to voting rights in the articles of incorporation, the holders of the outstanding shares of a class of the bank, trust company, corporate fiduciary,

Legislative Changes

or stock savings bank and, if the articles of incorporation of the holding company are to be amended in the plan, the holding company, are entitled to vote as a separate class on a proposed plan of exchange if certain rights affecting their shares are modified. This amendment parallels provisions in the Indiana Business Corporation Law which require amendments to the articles of incorporation to be submitted to shareholders as a group if one of the enumerated items will affect their shares.

5. *New Markets Tax Credits:* Equity investments qualifying for the new markets tax credits under 26 U.S.C. 45D may not generally exceed an aggregate investment of five percent (5%) of capital and surplus but are no longer subject to the limitation that investments may not exceed two percent (2%) of capital and surplus in any one project. The bank or trust company may increase its aggregate investment to ten percent (10%) of capital and surplus if the Director of the DFI determines that the aggregate equity investment in excess of five percent (5%) of the capital and surplus will not pose a significant risk to the affected deposit insurance fund and the bank or trust company is adequately capitalized. However, in no case may the bank or trust company invest in aggregate equity investments for new markets tax credits in excess of ten percent (10%) of the capital and surplus. [IC 28-1-11-3.1(d)]

6. *Transfer of Trust Business Among Affiliates:* The statute has been amended to permit financial institutions other than banks to transfer blocks of trust business by board resolution among its affiliates. Under the amended statute, the following financial institutions may transfer blocks of trust business among its affiliates: banks, banks and trust companies, savings banks, trust companies, corporate fiduciaries,

industrial loan and investment companies, savings associations, banks of discount and deposit and loan and trust and safe deposit companies. In addition, if any of these institutions is not under the control of a holding company, the institution's board of directors may effect the transfer directly by resolution of its board of directors. [IC 28-2-14-18]

7. *Parity:* The provisions of the Indiana Financial Institutions Act relating to parity between state and federal banks, savings banks and savings associations have been amended to make the procedure for requesting parity a four-step process involving analysis of the same four elements as has been previously required to establish federal preemption. The two elements already in the law on parity were determinations by the DFI that federal banks, savings banks or savings associations domiciled in Indiana possess the requested rights and privileges, and that the exercise of those rights and privileges would not adversely affect the safety and soundness of the bank, savings bank or savings association. Under the amended statute, the DFI will also consider if the grant of parity would result in an unacceptable curtailment of consumer protection and if the failure to grant parity would place the state-chartered bank, savings bank or savings association at an unacceptable competitive disadvantage. [IC 28-7-1-9.2]
8. *Residency Requirements for Directors:* The residency requirements for directors have been changed from at least three-fifths (3/5) to at least one-half (1/2) of the directors must reside in Indiana or within a distance of not to exceed fifty (50) miles of any office of the corporation of which the director is a director. [IC 28-13-9- 2]

Legislative Changes

Credit Unions: Investment in CUSOs: The aggregate amount that a state-chartered credit union may invest in Credit Union Service Organizations (“CUSO”)s has been increased from five percent (5%) to ten percent (10%) of its total unimpaired capital plus shares. This amendment also includes a provision allowing the DFI to approve a higher amount. The language also clarifies that the amount a credit union may invest in a CUSO is based on its total unimpaired capital plus shares. [IC 28-7-1-9]

1. *Mortgage Lending:* The Indiana Credit Union Act has been amended to remove the 33 1/3 percent of assets that a credit union may make in fixed long term rate mortgages. No such limitation exists for federal credit unions due in part to the view that such decisions should be made by management based on the circumstances of each credit union. [IC 28-7-1-17(b) (4)] The Act has also been amended to eliminate the requirement for mortgage insurance for the portion of a first lien mortgage loan that exceeds 90 percent of the property’s fair cash value. Again, such a restriction is not applicable to federal credit unions and its elimination is in keeping with the view that management of the credit union is best positioned to determine whether mortgage insurance should be required in any given circumstance. [IC 28-7-1-17(b)(4)(B)]
2. *Investments by Well Capitalized Credit Unions:* The Act has been amended to authorize well capitalized credit unions the ability to invest a limited amount of their capital in investment grade corporate debt. Again, these amendments reflect similar provisions available to federal credit unions. [IC 28-7-1-17(b)(4) (B)]
3. *Parity:* The provisions of the Credit Union Act relating to parity between state and federal credit unions have been amended to make the procedure for requesting parity a four-step process involving analysis of the same four elements as has been previously required to establish federal preemption.

The two elements already in the law on parity were determinations by the DFI that federal credit unions domiciled in Indiana possess the requested rights and privileges, and that the exercise of those rights and privileges would not adversely affect the safety and soundness of the credit union. Under the amended statute, the DFI will also consider if the grant of parity would result in an unacceptable curtailment of consumer protection and if the failure to grant parity will place the state chartered credit union at an unacceptable competitive disadvantage. [IC 28-7-1-9.2]

Consumer Credit Sellers, Lenders and Lessors:

1. *Territorial Application:* One of the significant amendments in the consumer credit area relates to the territorial application section of the Uniform Consumer Credit Code (“UCCC”). This section has been amended to require consumer credit sellers, lessors and lenders who are regularly engaged in the extension of consumer credit to comply with the UCCC if they solicit consumer sales, leases or loans with Indiana residents. A solicitation to an Indiana resident can occur by any means, including by mail, brochure, telephone, print, radio, television, the Internet, or electronically. In the case of out-of-state or Internet consumer lenders, a license to make consumer loans in Indiana must be obtained. [IC 24-4.5-1-201]
2. *Loans Void:* Consistent with the expansion of the territorial application provision, if an out-of-state or Internet lender (with no office located in Indiana) fails to obtain a license to make consumer loans, in addition to other remedies provided in the UCCC, the loan is void and the debtor is not obligated to pay either the principal or loan finance charge. [IC 24-4.5-1-201 (8)] Under prior law applicable to out-of-state lenders, loans were void only if the out-of-state lenders had offices or agents in Indiana. [IC 24-4.5-5-202(2)]

Legislative Changes

3. **License Renewal:** Consumer loan licenses must be renewed by December 31 of each year beginning in 2007 [IC 24-4.5-6-202(2)]. This change put Indiana in a position to participate in the Nationwide Mortgage Licensing System if a determination is made to join the system (See Item 5, below). Consumer credit sellers and lessors must still file their annual notification as of January 31. [IC 24-4.5-6-202(2)]
 4. **Nationwide Mortgage Licensing System ("NMLS"):** The Indiana General Assembly in 2007 authorized the Director of the DFI with respect to licensed second lien mortgage lenders and the securities commissioner with respect to licensees and registrants under the loan broker act to participate in the nationwide mortgage licensing system for the residential mortgage industry ("NMLS"). The NMLS, which is being developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators, is a licensing system that will be web-based and will allow lenders and brokers to apply for, amend, update or renew a license or registration using uniform forms from participating state agencies. The system became operational on January 2, 2008. The Indiana General Assembly authorized the Director of the DFI to designate such a licensing system for use in Indiana. [IC 24-4.5-3-503 (10) & (11)]
 5. **Personal Histories of Key Persons:** The UCCC has been amended to provide that every consumer loan licensee or consumer credit seller or lessor must notify the DFI if it or any of its executive officers, key shareholders and other owners, directors or other individuals who exercise supervisory responsibility are under indictment for a felony involving fraud, deceit, or misrepresentation or have been convicted of or pleaded guilty or nolo contendere to a felony involving fraud, deceit, or misrepresentation, not later than thirty (30) days after the date of the event. [IC 24-4.5-3-505(4) and 24-4.5-6-202]
 6. **Monetary Penalties:** If the DFI determines, after notice and opportunity for hearing, that a person has violated the UCCC, the DFI may, in addition to or instead of all other remedies available under the UCCC, impose upon the person a civil penalty not greater than ten thousand dollars (\$10,000) per violation. [IC 24-4.5-6-113(3)]
- Small Loans (also known as Payday Loans):**
1. **Territorial Application:** Like the law relating to consumer credit transactions (and budget service companies), the territorial application section of the Small Loan Act has been amended to require lenders of small loans, including out-of-state or Internet lenders of small loans, to become licensed and to comply with the Small Loan Act, if they solicit small loans from Indiana residents.
 2. **Maximum Amount of Payday Loan:** The maximum principal for a small loan amount has been increased to \$550. This amount, in all instances, is indexed and subject to change each July 1 of the even numbered years, similar to many other dollar amounts listed in the UCCC.
 3. **Computation of Finance Charges:** With respect to the computation of the maximum permissible finance charges on small loans, the previous step rate structure remains in place, and finance charges on amounts greater than \$400 up to \$550 are limited to 10% of the amount over \$400.
 4. **Cooling Off Periods:** No change has been made to the consecutive small loan count that triggers the cooling off period. However, recognizing the existence of the payday lender databases, and consistent with the wording of the statute, the 7-day cooling off period will be applied on an industry wide basis, rather than a lender basis.

Legislative Changes

5. *Extended Payment Plans:* The borrower and lender can no longer agree to a simple interest loan within 7 days after the due date of the fifth consecutive small loan. Instead, the lender must offer to the borrower an Extended Payment Plan (“EPP”) to repay the 3rd consecutive small loan, and any subsequent consecutive small loans, under an EPP.

(Disclosure Form for EPP: A sample disclosure form for the extended payment plan is posted on the DFI website at www.in.gov/dfi.)

6. *Gross Income Test:* The principal amount and finance charge (total of payments) on the small loan to be issued, plus any other small loan balances (computed by adding the principal plus the finance charge plus NSF fee, and deducting all partial payments) the borrower has outstanding with any lender, may not exceed 20% of the borrower’s monthly gross income. This amount has been increased from 15%. However, the 20% requirement will apply to all loans rather than per lender.
7. *Civil Penalties:* With respect to violations of the database provisions of IC 24-4.5-7-404, the Director may impose a civil penalty of up to \$100 per violation of the section or any rule or policy adopted by the Department to implement this section.

Pawnbrokers:

1. *Personal Histories of Key Persons:* In addition to the information previously required, the application for a pawnbroker’s license requires the applicant to disclose if the applicant or any of its executive officers, key shareholders and other owners, directors or other individuals who exercise supervisory responsibility are under indictment for a felony involving fraud, deceit, or misrepresentation in Indiana or any other jurisdiction or if they

have been convicted of or pleaded guilty or nolo contendere to a felony involving fraud, deceit, or misrepresentation in Indiana or any other jurisdiction. [IC 28-7-5-4] A licensed pawnbroker is required to update this information with the DFI on the earlier of its renewal date or within 30 days of occurrence. [IC 28-7-5-10.6]

2. *Information Required on Pawn Ticket:* In addition to the information previously required, the pawn ticket given to the pledger when the loan is made must notify the pledger that the pawnbroking transaction is regulated by the DFI and include the DFI’s toll free telephone number at 800-457-8283. [IC 28-7-5-21 (14)]
3. *Security of Pawned Items:* During the term of the loan and the two (2) month period following its maturation, the pawnbroker may not allow the public to have access to the pawned article. [IC 28-7-5-30]

Check Cashers:

1. *Application of Act:* In addition to excluding financial institutions from the operation of the check cashing act, the check cashers act also does not apply to persons engaged in the business of cashing checks if the transaction is incidental to the retail sale of goods or services and consideration for cashing checks does not exceed the greater of two percent (2%) of the face. This amount represents an increase from the greater of 1% or \$1. [IC 28-8-5-1]
2. *Personal Histories of Key Persons:* In addition to the information previously required, the application for a check casher’s license requires the applicant to disclose if the applicant or any of its executive officers, key shareholders and other owners, directors or other individuals who exercise supervisory responsibility are under indictment for a felony involving fraud, deceit, or misrepresentation in

Legislative Changes

Indiana or any other jurisdiction or if they have been convicted of or pleaded guilty or no lo contendere to a felony involving fraud, deceit, or misrepresentation in Indiana or any other jurisdiction. [IC 28-8-5-11] The department may refuse to issue a license if an applicant or its executive officers, key shareholders and other owners, directors or other individuals who exercise supervisory responsibility have been convicted of a felony involving fraud, deceit, or misrepresentation under the laws of Indiana or any other jurisdiction. [IC 28-8-5-12] A licensed check casher is required to update this information with the DFI on the earlier of its renewal date or within 30 days of occurrence. [IC 28-8-5-18.4]

Money Transmitters:

1. *Personal Histories of Key Persons:* If the applicant for a money transmitters license is not a corporation, the applicant must also provide the name, business and residential addresses, federal tax returns with schedules for the three (3) years preceding the date of the application, and employment history for each principal and each person who will be in charge of applicant's licensed activities. Applicants who are not corporations must provide for each individual having an ownership interest and each individual who exercises supervisory responsibility a history of material litigation and history of any criminal indictments, convictions and guilty or nolo contendere pleas for felonies involving fraud, deceit, or misrepresentation under the laws of Indiana or any other jurisdiction. [IC 28-8-4-26] If the applicant is a corporation or other entity, the applicant is required to disclose for any of its executive officers, key shareholders and other owners, directors or other individuals who exercise supervisory responsibility the name, business and residential addresses, employment history, history of material litigation and history of any criminal indictments, convictions and guilty or nolo contendere pleas for felonies involving

fraud, deceit, or misrepresentation under the laws of Indiana or any other jurisdiction. [IC 28-8-4-25] A licensed money transmitter is required to update this information with the DFI on the earlier of its renewal date or within 30 days of occurrence. [IC 28-8-4-40.6]

2. *Other Businesses of Authorized Delegates:* The law relating to money transmitters has also been clarified to provide that the applicant is not required to submit the information about other businesses if the location at which the other business will be conducted is simply the place of business of an authorized delegate not under common control with the applicant. For example, if a licensed money transmitter is operating in a grocery store that is not under common control with the money transmitter, no disclosure of the grocery business is required. [IC 28-8-4-24]
3. *Annual Financial Statements:* Instead of submitting an annual report which includes the licensee's most recent audited consolidated annual financial statement, a licensee which is a wholly owned subsidiary may submit its parent's most recent consolidated audited annual financial statement or its parent's Form 10K reports filed with the Securities and Exchange Commission for the previous three (3) years, along with the licensee's unaudited annual financial statement. [IC 28-8-4-38]

Rental Purchase Agreements:

1. *Prohibitions on Motor Vehicles and Titled Property:* The rental purchase law has been amended to prohibit rental purchase agreements for motor vehicles and any other titled property. Therefore, rental purchase agreements may not be used on trailers, semitrailers, mobile homes, recreational vehicles and recreational trailers. [IC 24-7-1-5]

Legislative Changes

2. *Definition of Rental Purchase Agreement:* The basic definition of a rental purchase agreement is an agreement which provides for the use of personal property by an individual primarily for personal, family, or household purposes; has an initial period of four (4) months or less; is automatically renewable with each rental payment; and permits the lessee to become the owner of the property. In addition, the definition includes an agreement or a transaction that the Director determines to be a rental purchase agreement, despite efforts by a person to structure the transaction in a manner that the Director determines is being used to avoid application of the rental purchase agreement law. [IC 24-7-2-9]

Budget Service Companies:

1. *Territorial Application:* One of the significant amendments to the Budget Service Company Act relates to the territorial application section. Similar to the amendments to the territorial application provisions of the UCCC and the Small Loan Act, this section has been amended to require budget service companies to comply with Indiana law if they solicit their services and products to Indiana residents. A solicitation to an Indiana resident can occur by any means, including by mail, brochure, telephone, print, radio, television, the Internet, or electronically. In the case of out-of state or Internet budget service companies, a license to operate in Indiana must be obtained. [IC 28-1-29-3]
2. *Personal Histories of Key Persons:* In addition to the information previously required, the application for a budget service company license requires the applicant to disclose if the applicant or any of its executive officers, key shareholders and other owners, directors or other individuals who exercise supervisory responsibility are under indictment for a felony involving fraud, deceit, or misrepresentation in Indiana or any other jurisdiction or if they have been convicted of or pleaded guilty or no lo contendere to a felony involving fraud, deceit, or misrepresentation in Indiana or any other jurisdiction. [IC 28-1-29-5] A licensed budget service company is required to update this information with the DFI on the earlier of its renewal date or within 30 days of occurrence. [IC 28-1-29-7.5]
3. *Other Businesses:* A licensee may provide budget services in the same place of business in which another business is operating, or from which other products or services are sold if the Director issues a written determination that the operation of the other business or the sale of other products and services from the location in question is not contrary to the best interests of the licensee's contract debtors. A licensee without a physical location in Indiana may solicit sales of and sell additional products and services to Indiana residents if the Director issues a written determination that the proposed solicitation or sale is not contrary to the best interests of contract debtors. [IC 28-1-29-8]
4. *Exclusions:* The budget service company act has been amended to add an exclusion from its coverage for not-for-profit corporations which do not charge the debtor a fee for its budget services, other than bona fide fees that are incurred by the not-for-profit corporation in the ordinary course of business, such postage or fees paid to a third party. [IC 28-1-29-12]

Legislative Changes

Other Legislation of Note:

1. *H.B. 1717 Loan Brokers:* This legislation made a variety of changes to the loan broker statute found at IC 23-2-5 et seq., including the registration with the securities commissioner of loan originators and principal managers for loan brokerage businesses. The legislation also expanded the reasons for disciplinary action against loan brokers or registrants and specified additional powers of the securities commissioner over loan brokers and their registrants. The legislation also required the commissioner to report to the Legislative Council not later than November 1, 2007, concerning the implementation of the amendments to the loan broker statute and required the DFI to study the feasibility of regulating loan brokers, originators, and principal managers. An interim study committee on mortgage lending practices and home loan foreclosures was also established to study various issues concerning mortgage lending practices and home loan foreclosures.
2. *H.B. 1505 Fiduciary Authorized to Invest in Affiliates:* This legislation permits a bank, trust company, or savings bank that holds funds or property as a fiduciary to use the funds or property to purchase products, services, and securities from the bank, trust company, savings bank, one of their affiliates or a selling group or syndicate that includes the bank, trust company, savings bank, or one of their affiliates. The new law also sets forth procedures for these institutions to give notice of and obtain consent for such a transaction with respect to specified fiduciary relationships.
3. *SB 377 Appraisers:* This bill requires that continuing education for real estate appraisers be approved by the Appraiser Qualifications Board. The new law also provides that a person may not conduct, solicit, or accept student enrollment for a real estate appraiser school or course represented as satisfying the requirements of the real estate appraiser licensure board without approval of the school or course by the Appraiser Qualifications Board.
4. *S.B. 405 Freezes on Credit Reports:* This legislation provides that a consumer may prevent access to the consumer's credit report by requesting that the consumer reporting agency place a security freeze on the consumer's credit report.

Kemba Credit Union, Indianapolis, Indiana



Bank and Trust Division

The bank and trust division is responsible for the supervision of Indiana's state-chartered commercial banks, savings banks, savings associations, industrial loan and investment companies and corporate fiduciaries. The division ensures that these organizations are operated in a safe and sound manner, that the public can have confidence in the financial system, and that the interests of depositors, creditors and shareholders are protected. Examinations, financial report analysis and monitoring are the principal tools used by the Division staff to meet those responsibilities. Division staff is also responsible for interpreting the laws that govern regulated institutions. Titles 28 (Financial Institutions), 29 (Probate), and 30 (Trusts and Fiduciaries) of the Indiana Code are the relevant state laws for the Division.



Matthew Howrey

There were 93 FDIC-insured state-chartered commercial banks, seven FDIC-insured state chartered savings banks, one FDIC-insured state chartered savings association, one uninsured savings association, one FDIC insured industrial loan and investment company and one non-depository industrial loan and investment company in Indiana as of December 31, 2007. In addition, there were nine corporate fiduciaries and three inactive industrial loan and investment companies under the jurisdiction of the division, and not included in the consolidated financial information as of December 31, 2007. There were 20 national banks domiciled in Indiana as of December 31, 2007.

Indiana's state-chartered financial institutions under the jurisdiction of the division reported total consolidated assets of \$38.9 billion at the end of 2007 which represented a 1.62% increase from the year-end 2006 total. Indiana's economic challenges are beginning to be reflected on the books of Indiana's financial institutions. Earnings at many institutions are under stress, and asset quality is showing further deterioration. In 2007, 7.26% of all Indiana financial institutions were unprofitable. Among state-chartered financial institutions 6.73% did not earn a profit during 2007. The aggregate provision to the allowance for loan and lease losses for all state-chartered banks increased significantly from \$79 million at year-end 2006 to \$190 million at yearend 2007. Loan provisions of national banks located in Indiana loan provisions increased approximately \$14 million during the same time frame.

The aggregate return on assets ("ROA") for state chartered financial institutions in 2007 was 0.66%, down from 0.83% at year-end 2006. National banks aggregate ROA was down slightly from 0.95% to 0.93% during the same time-frame. Net loan charge-offs for state chartered financial institutions amounted to 0.42% of total loans and leases, double from 0.21% a year earlier. Net loan charge-offs for national banks also increased slightly from 0.41% as of December 31, 2006 to 0.44% as of December 31, 2007. Aggregate equity capital in Indiana's state chartered financial institutions remained strong and was up 2.41% from \$3.86 billion in 2006 to \$3.95 billion at year end 2007. The total equity capital to total assets ratio was 10.16%, up from 10.08% at year-end 2006. National banks aggregate equity capital was up 6.82% from the 2006 level to \$2.45 billion. The total equity capital to total assets ratio for national banks increased from 9.54% at year-end 2006 to 10.41% at year-end 2007. Consolidated statements of income and balance sheets for Indiana financial institutions, as well as other statistics and activity can be found on the following pages. It should be noted that the Savings and Loan Division was consolidated into the Bank and Trust Division; therefore, all previous years' financial information were also consolidated for comparative analysis.

Bank and Trust Division

Division Milestones

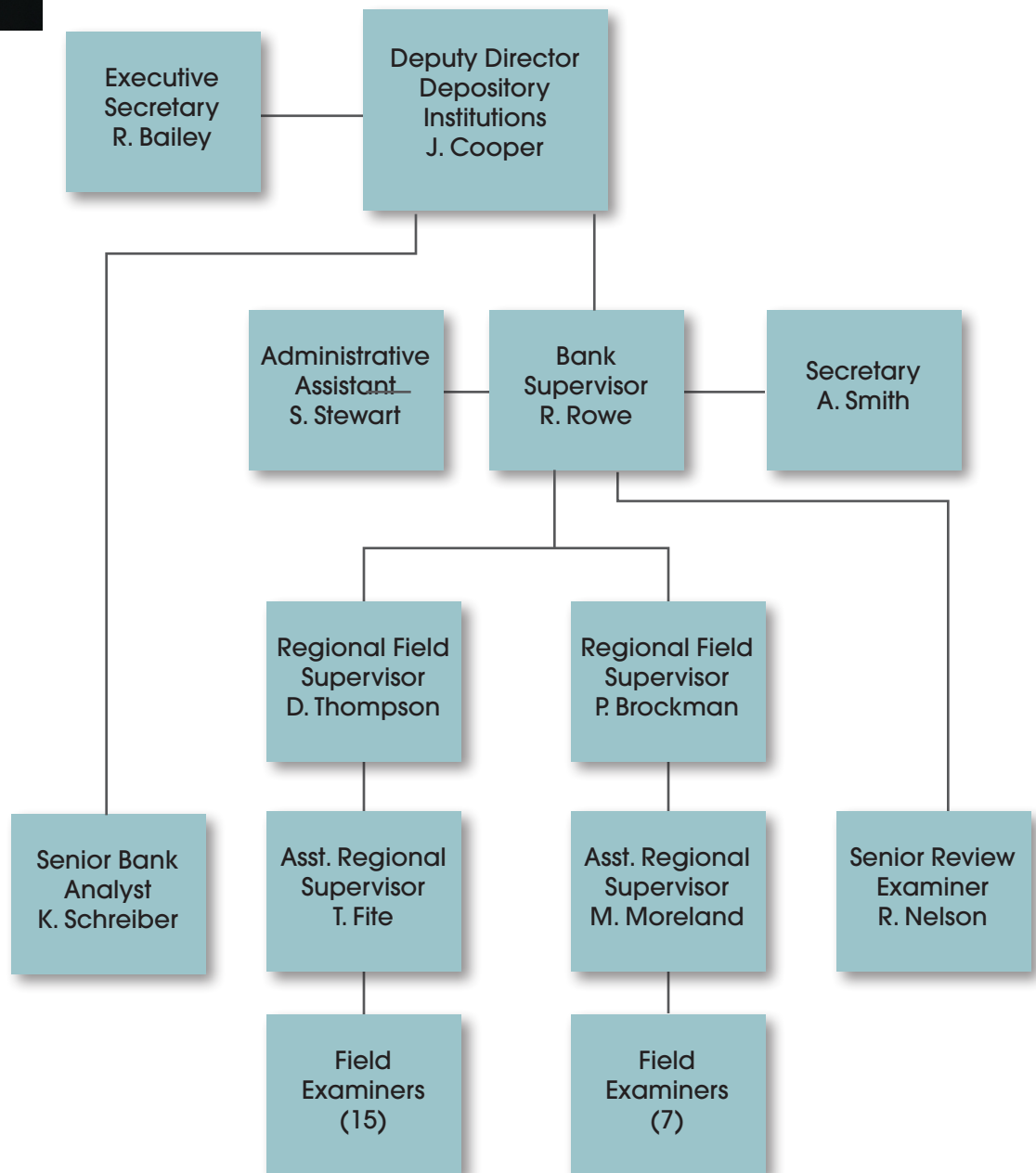
- Three state chartered commercial banks were merged with and into other state or national banks.
 - St. Joseph Capital Bank - Mishawaka, IN merged with and into Old National Bank, Evansville, IN effective February 2, 2007.
 - MainSource Bank – Crawfordsville, IN merged with and into MainSource Bank, Greensburg, IN effective September 14, 2007.
 - Knisely Bank - Butler IN merged with and into The Farmers and Merchants State Bank, Archbold, OH effective December 31, 2007.
- One state chartered stock savings bank was eliminated through a merger with another state chartered stock savings bank.
 - City Savings Bank - Michigan City, IN merged with and into The LaPorte Savings Bank, LaPorte, IN effective October 12, 2007.
- There were no bank failures in Indiana during 2007.
- On April 17, 2007, the U.S. Supreme Court upheld preemption of state laws for the operating subsidiaries of national banks in the *Watters vs. Wachovia Bank N.A.* case.
- On August 6, 2007, the DFI and the Office of the Comptroller of the Currency reached an agreement on procedures to handle referrals of consumer complaints.
- On August 18, 2007, former Director and Bank Supervisor James E. Farris passed away at the age of 81. Mr. Farris served as Director of the DFI from 1969 to 1980.
- In September 2007, division employees took part in the pandemic flu exercise. The financial services industry-wide exercise was to test its ability to respond to a pandemic crisis.



Janelle Tierney



Bank Division



Comparative Statement

State Chartered Banks

| ACCOUNT DESCRIPTIONS (\$ In Millions) | 12/31/04 | 12/31/05 | Percent Change | 12/31/06 | Percent Change | 12/31/07 | Percent Change |
|--|-----------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|-----------------------|
| Assets | 34,865 | 35,964 | 3.15% | 38,277 | 6.43% | 38,897 | 1.62% |
| Deposits | 26,806 | 27,048 | 0.90% | 29,121 | 7.66% | 28,777 | -1.18% |
| Total Equity Capital Adjusted | 3,548 | 3,627 | 2.23% | 3,858 | 6.37% | 3,951 | 2.41% |
| Tier 1 Capital | 3,353 | 3,516 | 4.86% | 3,635 | 3.38% | 3,672 | 1.02% |
| LVR | 327 | 329 | 0.61% | 353 | 7.29% | 417 | 18.13% |
| Total Capital | 3,680 | 3,845 | 4.48% | 3,988 | 3.72% | 4,089 | 2.53% |
| Total Net Charge-Offs | 84 | 45 | -46.43% | 58 | 28.89% | 123 | 112.07% |
| Total Gross Loans & Leases | 24,408 | 26,232 | 7.47% | 27,892 | 6.33% | 29,316 | 5.11% |
| Total Securities | 6,307 | 5,848 | -7.28% | 6,003 | 2.65% | 5,929 | -1.23% |
| Federal Funds Sold | 754 | 487 | -35.41% | 734 | 50.72% | 448 | -38.96% |
| Interest Bearing Balances | 466 | 273 | -41.42% | 354 | 29.67% | 216 | -38.98% |
| Trading Account Securities | 5 | 7 | 40.00% | 11 | 57.14% | 13 | 18.18% |
| Total Earning Assets | 31,613 | 32,518 | 2.86% | 34,641 | 6.53% | 35,505 | 2.49% |
| Total Interest Income | 1,746 | 1,936 | 10.88% | 2,320 | 19.83% | 2,499 | 7.72% |
| Total Interest Expense | 529 | 697 | 31.76% | 1,039 | 49.07% | 1,196 | 15.11% |
| Net Interest Income | 1,217 | 1,239 | 1.81% | 1,281 | 3.39% | 1,303 | 1.72% |
| Total Non-interest Income | 565 | 409 | -27.61% | 362 | -11.49% | 374 | 3.31% |
| Total Non-interest Expenses | 1,234 | 1,146 | -7.13% | 1,077 | -6.02% | 1,122 | 4.18% |
| Loan Provisions | 62 | 61 | -1.61% | 79 | 29.51% | 190 | 140.51% |
| Net Income | 333 | 311 | -6.61% | 309 | -0.64% | 250 | -19.09% |

The financial information to compile this schedule and the following financial schedules was obtained through the Federal Deposit Insurance Corporation's Statistics on Depository Institutions Database.

Comparative Statement

State Chartered and National Banks

| ACCOUNT DESCRIPTIONS (\$ IN MILLIONS) | State 12/31/07 | National 12/31/07 | State 12/31/06 | National 12/31/06 |
|--|-------------------|----------------------|-------------------|----------------------|
| Number of Banks | 104 | 20 | 108 | 25 |
| Consolidated Balance Sheet | | | | |
| Total Gross Loans & Leases | 29,316 | 15,621 | 27,892 | 15,725 |
| Total Allowance for Loans & Leases (ALLL) | 417 | 190 | 353 | 199 |
| Total Net Loans & Leases | 28,899 | 15,431 | 27,539 | 15,526 |
| Total Securities | 5,929 | 4,792 | 6,003 | 5,477 |
| Total Interest Bearing Balances | 216 | 105 | 354 | 88 |
| Total Fed Funds Sold/Repurchase Agreements | 448 | 663 | 734 | 574 |
| Total Trading Accounts | 13 | 54 | 11 | 3 |
| Total Earning Assets | 35,505 | 21,045 | 34,641 | 21,668 |
| Total Cash and Due From Bank | 1,042 | 722 | 1,160 | 713 |
| Total Premises and Fixed Assets | 573 | 271 | 533 | 354 |
| Total Other Real Estate Owned | 59 | 16 | 42 | 13 |
| Total Other Assets | 1,718 | 1,427 | 1,901 | 1,246 |
| Total Assets | 38,897 | 23,481 | 38,277 | 23,994 |
| Average Assets | 37,952 | 23,100 | 37,283 | 23,591 |
| Retail Deposits | 24,947 | 15,210 | 25,059 | 16,359 |
| State and Political Subdivision Deposits | 3,830 | 2,307 | 4,062 | 2,128 |
| Total Deposits | 28,777 | 17,517 | 29,121 | 18,487 |
| Total Fed Funds Purchased | 1,674 | 1,692 | 1,206 | 1,426 |
| Total Other Borrowed Funds | 4,049 | 1,335 | 3,575 | 1,367 |
| Total Subordinated Debt | 32 | 155 | 31 | 155 |
| Total All Other Liabilities | 414 | 337 | 486 | 270 |
| Total Liabilities | 34,946 | 21,036 | 34,419 | 21,705 |
| Total Equity Capital | 3,951 | 2,445 | 3,858 | 2,289 |
| Total Liabilities and Equity Capital | 38,897 | 23,481 | 38,277 | 23,994 |

Comparative Statement

State Chartered and National Banks

| ACCOUNT DESCRIPTIONS (\$ IN MILLIONS) | State 12/31/07 | National 12/31/07 | All 12/31/07 | All 12/31/06 | Percent Change |
|--|-------------------|----------------------|-----------------|-----------------|-------------------|
| Number of Banks | 104 | 20 | 108 | 133 | |
| Combined Statement of Condition | | | | | |
| Total Gross Loans & Leases | 29,316 | 15,621 | 44,937 | 43,617 | 3.03% |
| Total Allowance for Loans & Leases (ALLL) | 417 | 190 | 607 | 552 | 9.96% |
| Total Net Loans & Leases | 28,899 | 15,431 | 44,330 | 43,065 | 2.94% |
| Total Securities | 5,929 | 4,792 | 10,721 | 11,480 | -6.61% |
| Total Interest Bearing Balances | 216 | 105 | 321 | 442 | -27.38% |
| Total Fed Funds Sold/Repurchase Agreements | 448 | 663 | 1,111 | 1,308 | -15.06% |
| Total Trading Accounts | 13 | 54 | 67 | 14 | 378.57% |
| Total Earning Assets | 35,505 | 21,045 | 56,550 | 56,309 | 0.43% |
| Total Cash and Due From Bank | 1,042 | 722 | 1,764 | 1,873 | -5.82% |
| Total Premises and Fixed Assets | 573 | 271 | 844 | 887 | -4.85% |
| Total Other Real Estate Owned | 59 | 16 | 75 | 55 | 36.36% |
| Total Other Assets | 1,718 | 1,427 | 3,145 | 3,147 | -0.06% |
| Total Assets | 38,897 | 23,481 | 62,378 | 62,271 | 0.17% |
| Average Assets | 37,952 | 23,100 | 61,052 | 60,874 | 0.29% |
| Retail Deposits | 24,947 | 15,210 | 40,157 | 41,418 | -3.04% |
| State and Political Subdivision Deposits | 3,830 | 2,307 | 6,137 | 6,190 | -0.86% |
| Total Deposits | 28,777 | 17,517 | 46,294 | 47,608 | -2.76% |
| Total Fed Funds Purchased | 1,674 | 1,692 | 3,366 | 2,632 | 27.89% |
| Total Other Borrowed Funds | 4,049 | 1,335 | 5,384 | 4,942 | 8.94% |
| Total Subordinated Debt | 32 | 155 | 187 | 186 | 0.54% |
| Total All Other Liabilities | 414 | 337 | 751 | 756 | -0.66% |
| Total Liabilities | 34,946 | 21,036 | 55,982 | 56,124 | -0.25% |
| Total Equity Capital | 3,951 | 2,445 | 6,396 | 6,147 | 4.05% |
| Total Liabilities and Equity Capital | 38,897 | 23,481 | 62,378 | 62,271 | 0.17% |

Combined Statement

State Chartered and National Banks

| ACCOUNT DESCRIPTIONS (\$ IN MILLIONS) | State 12/31/07 | National 12/31/07 | State 12/31/06 | National 12/31/06 |
|--|-------------------|----------------------|-------------------|----------------------|
| Number of Banks | 104 | 20 | 108 | 25 |
| Consolidated Income Statement | | | | |
| Total Interest Income | 2,499 | 1,396 | 2,320 | 1,388 |
| Total Interest Expense | 1,196 | 669 | 1,039 | 641 |
| Total Net Interest Income | 1,303 | 727 | 1,281 | 747 |
| Total Non Interest Income | 374 | 245 | 362 | 259 |
| Total Non Interest Expense | 1,122 | 626 | 1,077 | 653 |
| Total Loan Provisions | 190 | 56 | 79 | 42 |
| Total Pre Tax Operating Income | 365 | 290 | 487 | 311 |
| Total Securities Gains/Losses | -2 | -2 | -1 | -3 |
| Total Applicable Income Tax | 83 | 73 | 141 | 81 |
| Total Income Before Extraordinary Items | 280 | 215 | 345 | 227 |
| Total Net Extraordinary Items | 30 | 0 | 36 | 0 |
| Total Net Income | 250 | 215 | 309 | 227 |
| Total Net Charge-Offs | 123 | 68 | 58 | 64 |
| Total Cash Dividends Declared | 219 | 240 | 229 | 201 |
| Ratio Analysis | | | | |
| Net Income to Average Assets | 0.66% | 0.93% | 0.83% | 0.96% |
| Net Income to Year End Total Equity | 6.33% | 8.79% | 8.01% | 9.92% |
| Net Interest Income to Average Assets | 3.43% | 3.15% | 3.44% | 3.17% |
| Total Loans to Total Deposits | 101.87% | 89.18% | 95.78% | 85.06% |
| Loan Loss Provisions to Total Loans | 0.65% | 0.36% | 0.28% | 0.27% |
| ALLL to Total Loans | 1.42% | 1.22% | 1.27% | 1.27% |
| Net Charge-Offs to Total Loans | 0.42% | 0.44% | 0.21% | 0.41% |
| Total Equity Capital to Total Assets | 10.16% | 10.41% | 10.08% | 9.54% |
| Total Equity Capital and ALLL to | 11.11% | 11.13% | 10.90% | 10.28% |
| Total Assets and ALLL | | | | |

Return on Assets (ROA) in Indiana 2007 vs. 2006

STATE BANKS

| (\$ IN MILLIONS) | | 2007 | Net | | 2006 | Net |
|------------------|--------|--------|--------|--------|--------|--------|
| | Number | Total | Income | Number | Total | Income |
| | | Assets | | | Assets | |
| ROA (%) | | | | | | |
| OVER 1% | 31 | 14,150 | 169 | 33 | 17,821 | 216 |
| .75% TO .99% | 25 | 9,488 | 81 | 28 | 4,867 | 41 |
| .50% TO .74% | 21 | 5,317 | 33 | 25 | 6,380 | 40 |
| BELOW .50% | 27 | 9,942 | -33 | 22 | 9,209 | 12 |
| | 104 | 38,897 | 250 | 108 | 38,277 | 309 |

NATIONAL BANKS

| (\$ IN MILLIONS) | | 2007 | Net | | 2006 | Net |
|------------------|--------|--------|--------|--------|--------|--------|
| | Number | Total | Income | Number | Total | Income |
| | | Assets | | | Assets | |
| ROA (%) | | | | | | |
| OVER 1% | 7 | 15,745 | 179 | 9 | 6,509 | 86 |
| .75% TO .99% | 8 | 4,002 | 34 | 10 | 14,925 | 138 |
| .50% TO .74% | 2 | 894 | 5 | 2 | 352 | 2 |
| BELOW .50% | 3 | 2,840 | -3 | 4 | 2,208 | 1 |
| | 20 | 23,481 | 215 | 25 | 23,994 | 227 |

Holding Company Ownership Analysis

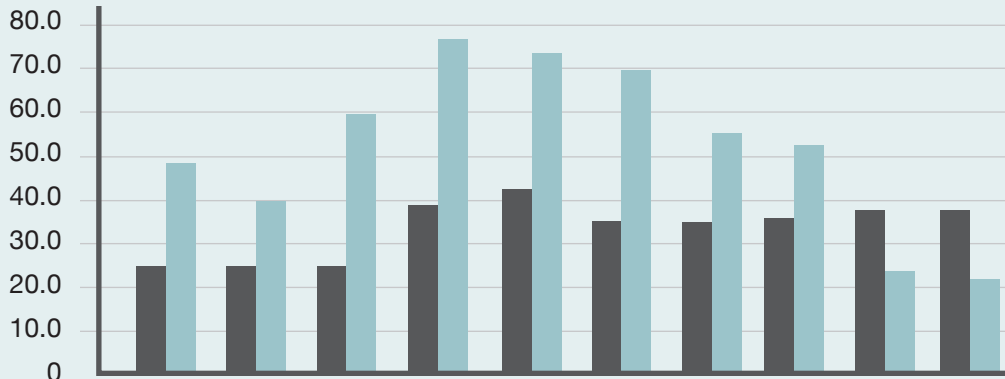
| (\$ IN MILLIONS) DATA AS OF 12/31/2007 | | | | | | |
|---|--------------------|-------------------|-----------------|----------------|-------------------|----------------|
| | Number of Banks | Number of HC's | Total Assets | Assets % | Total Deposits | Deposits % |
| INDEPENDENT BANKS | | | | | | |
| State Banks w/o HC | 12 | 0 | \$796 | 1.28% | \$604 | 1.30% |
| IN HC W/One State Bank | 77 | 77 | \$23,814 | 38.18% | \$18,881 | 40.78% |
| National Banks w/o HC | 1 | 0 | \$240 | 0.38% | \$209 | 0.45% |
| IN HC w/One National Bank | 14 | 14 | \$17,207 | 27.59% | \$12,859 | 27.78% |
| TOTALS | 104 | 91 | \$42,057 | 67.42% | \$32,553 | 70.32% |
| INDIANA MULTI-BK HOLDING CO. | | | | | | |
| IN HC w/One or More State Banks | 11 | 8 | \$13,992 | 22.43% | \$9,044 | 19.54% |
| IN HC w/One or More National Banks | 5 | 3 | \$6,034 | 9.67% | \$4,449 | 9.61% |
| Sub Total | 16 | 11 | | | | |
| Holding Company Duplications | 0 | -2 | | | | |
| TOTALS | 16 | 9 | \$20,026 | 32.10% | \$13,493 | 29.15% |
| OUT OF STATE MULTI-BK HOLDING CO. | | | | | | |
| O-ST HC w/One or More State Banks | 4 | 2 | \$295 | 0.48% | \$248 | 0.53% |
| O-ST HC w/One or More National Banks | 0 | 0 | \$0 | 0.00% | \$0 | 0.00% |
| Sub Total | 4 | 2 | | | | |
| Holding Company Duplications | 0 | 0 | | | | |
| TOTALS | 4 | 2 | \$295 | 0.48% | \$248 | 0.53% |
| GRAND TOTALS | 124 | 102 | \$62,378 | 100.00% | \$46,294 | 100.00% |

Holding Company Ownership Analysis

| (\$ IN MILLIONS) DATA AS OF 12/31/2006 | Number of Banks | Number of HC's | Total Assets | Assets % | Total Deposits | Deposits % |
|---|--------------------|-------------------|-----------------|----------------|-------------------|----------------|
| INDEPENDENT BANKS | | | | | | |
| State Banks w/o HC | 17 | 0 | \$1,606 | 2.58% | \$1,219 | 2.56% |
| IN HC w/One State Bank | 76 | 76 | \$26,496 | 42.55% | \$21,431 | 45.02% |
| National Banks w/o HC | 1 | 0 | \$245 | 0.39% | \$202 | 0.42% |
| IN HC w/One National Bank | 15 | 15 | \$17,192 | 27.61% | \$13,450 | 28.25% |
| TOTALS | 109 | 91 | \$45,539 | 73.13% | \$36,302 | 76.25% |
| INDIANA MULTI-BK HOLDING CO. | | | | | | |
| IN HC w/One or More State Banks | 11 | 7 | \$9,935 | 15.95% | \$6,274 | 13.18% |
| IN HC w/One or More National Banks | 8 | 2 | \$5,236 | 8.41% | \$3,892 | 8.18% |
| Sub Total | 19 | 9 | | | | |
| Holding Company Duplications | 0 | -1 | | | | |
| TOTALS | 19 | 8 | \$15,171 | 24.36% | \$10,166 | 21.35% |
| OUT OF STATE MULTI-BK HOLDING CO. | | | | | | |
| O-ST HC w/One or More State Banks | 4 | 2 | \$240 | 0.39% | \$198 | 0.42% |
| O-ST HC w/One or More National Banks | 1 | 1 | \$1,321 | 2.12% | \$942 | 1.98% |
| Sub Total | 5 | 3 | | | | |
| Holding Company Duplications | 0 | 0 | | | | |
| TOTALS | 5 | 3 | \$1,561 | 2.51% | \$1,140 | 2.40% |
| GRAND TOTALS | 133 | 102 | \$62,271 | 100.00% | \$47,608 | 100.00% |

Total Assets - State and National Banks

(\$ IN BILLIONS)



| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|----------|------|------|------|------|------|------|------|------|------|------|
| State | 25.4 | 25.6 | 26.1 | 39.2 | 42.2 | 34.9 | 34.5 | 35.6 | 38.3 | 38.9 |
| National | 48.9 | 40.4 | 59.5 | 76.2 | 73.9 | 69.1 | 54.5 | 52.2 | 24.0 | 23.5 |

| Year | State Banks Total Assets (\$ In Billions) | Percentage | National Banks Total Assets (\$ In Billions) | Percentage |
|------|---|------------|--|------------|
| 1998 | 25.4 | 34.2% | 48.9 | 65.8% |
| 1999 | 25.6 | 38.8% | 40.4 | 61.2% |
| 2000 | 26.1 | 30.5% | 59.5 | 69.5% |
| 2001 | 39.2 | 34.0% | 76.2 | 66.0% |
| 2002 | 42.2 | 36.3% | 73.9 | 63.7% |
| 2003 | 34.9 | 33.6% | 69.1 | 66.4% |
| 2004 | 34.5 | 38.8% | 54.5 | 61.2% |
| 2005 | 35.6 | 40.5% | 52.2 | 59.5% |
| 2006 | 38.3 | 61.5% | 24.0 | 38.6% |
| 2007 | 38.9 | 62.3% | 23.5 | 37.7% |

Summary of State Bank Branch Openings in 2007

| Name | City | Address | City | State | Opened |
|---------------------------------------|----------------|---|----------------|-------|------------|
| German American Bancorp | Jasper | 711 Main Street (Mobile) | Jasper | IN | 1/20/2007 |
| Bloomfield State Bank | Bloomfield | 316 W. Tipton Street | Seymour | IN | 1/29/2007 |
| First State Bank of Middlebury | Middlebury | 4101 Edison Lakes Parkway, Suite 140 | Mishawaka | IN | 2/1/2007 |
| Stone City Bank (The) | Bedford | 2614 E. 3rd Street | Bloomington | IN | 2/1/2007 |
| Terre Haute Savings Bank | Terre Haute | 1812-1820 Lafayette Ave. | Terre Haute | IN | 3/5/2007 |
| Terre Haute Savings Bank | Terre Haute | 260 East National Avenue | Brazil | IN | 3/7/2007 |
| Star Wealth Management | Fort Wayne | 735 Main Street | Anderson | IN | 4/12/2007 |
| Grabill Bank | Grabill | 1401 W. Dupont Road | Fort Wayne | IN | 4/16/2007 |
| First Bank of Berne | Berne | 102 Christopher Crossing | Van Wert | OH | 4/18/2007 |
| Mainsource Bank | Greensburg | 5200 Central Avenue | Portage | IN | 5/4/2007 |
| Mainsource Bank | Greensburg | 5959 Rast Route 6 | Portage | IN | 5/4/2007 |
| Mainsource Bank | Greensburg | 926 North Broad Street | Griffith | IN | 5/4/2007 |
| Mainsource Bank | Greensburg | 555 East Third Street | Hobart | IN | 5/4/2007 |
| Mainsource Bank | Greensburg | 11330 Broadway | Crown Point | IN | 5/4/2007 |
| Mainsource Bank | Greensburg | 114 North Main Street | Crown Point | IN | 5/4/2007 |
| Home Federal Bank | Columbus | 1901 Taylor Road | Columbus | IN | 5/15/2007 |
| Your Community Bank | New Albany | 2917 East 10th Street | Jeffersonville | IN | 5/21/2007 |
| Star Financial Bank | Fort Wayne | 1651 East 29th Street | Muncie | IN | 5/29/2007 |
| Centier Bank | Whiting | 4883 Broadway | Gary | IN | 5/31/2007 |
| 1st Source Bank | South Bend | 133 North 4th Street | Lafayette | IN | 6/4/2007 |
| 1st Source Bank | South Bend | 401 North 4th Street | Lafayette | IN | 6/4/2007 |
| German American Bancorp | Jasper | RR 3 Box 14C | Oakland City | IN | 6/11/2007 |
| Merchants Bank & Trust Co. (The) | West Harrison | 6507 Harrison Avenue | Cincinnati | OH | 7/2/2007 |
| Dupont State Bank | Dupont | 216 N. State Street | North Vernon | IN | 7/2/2007 |
| First Farmers Bank and Trust Company | Converse | 211 Hauenstein Road-Village Park Shoppes | Huntington | IN | 7/23/2007 |
| State Bank of Lizton | Lizton | 6523 E. State Road 334 | Zionsville | IN | 7/31/2007 |
| Demotte State Bank | Demotte | 211 W. Drexel Parkway | Rensselaer | IN | 8/1/2007 |
| Hendricks County Bank & Trust Company | Brownsburg | 963 North State Road 267 | Avon | IN | 9/12/2007 |
| New Washington State Bank (The) | New Washington | 1770 West McClain Avenue & State Road 56 West | Scottsburg | IN | 10/15/2007 |
| Bank of Evansville | Evansville | 515 Dixie Lane | Evansville | IN | 11/13/2007 |
| Star Financial Bank | Fort Wayne | 2130 East Dupont Road | Fort Wayne | IN | 12/10/2007 |
| Peoples Bank, SB | Munster | 855 Stillwater Parkway | Crown Point | IN | 12/17/2007 |

Summary of State Bank Branch Closings in 2007

| Name | City | Address | City | Closed |
|--|--------------|-------------------------|----------------|---------------|
| Centier Bank | Whiting | 6529 S. Columbia Avenue | Hammond | 3/31/2007 |
| Bank of Geneva | Geneva | 105 West Main Street | Saratoga | 3/31/2007 |
| Greenfield Banking Company | Greenfield | 1105 N. State Street | Greenfield | 5/18/2007 |
| Mainsource Bank | Greensburg | 736 West Main Street | Greensburg | 6/1/2007 |
| German American Bancorp | Jasper | 102 Main Street | Francisco | 6/9/2007 |
| Community Trust & Investment Company, Inc. | Noblesville | Pete Ellis Drive | Bloomington | 6/29/2007 |
| Salin Bank And Trust Company | Indianapolis | 324 East State Street | Fort Wayne | 8/4/2007 |
| Linden State Bank | Linden | 5 Washington Street | Richmond | 8/31/2007 |
| 1st Source Bank | South Bend | 4036 Coldwater Road | Fort Wayne | 9/7/2007 |
| German American Bancorp | Jasper | 103 West State Road 64 | Birdseye | 11/10/2007 |
| Salin Bank and Trust Company | Indianapolis | 821 Lincoln Highway | West New Haven | 12/1/2007 |
| Salin Bank and Trust Company | Indianapolis | 3950 25th Street | Columbus | 12/14/2007 |
| German American Bancorp | Jasper | Highway 57 | Plainville | 12/28/2007 |

Conversions in 2007

| Name | City | Converted Name | City | Consummated |
|---|-------------|----------------------------|-------------|--------------------|
| West End Bank, SB State Mutual SB to State Stock SB | Richmond | West End Bank, SB | Richmond | 9/28/2007 |
| LaPorte Savings Bank (The) State Mutual SB to State Stock SB | LaPorte | LaPorte Savings Bank (The) | LaPorte | 10/12/2007 |

New State Bank Subsidiaries in 2007

| Subsidiary Name | Bank Name | City | Purpose | Established |
|---|--|-------------|---|-------------|
| Grabill Reit, Inc. | Grabill Bank | Grabill | Real Estate Investment Trust | 1/2/2007 |
| Marklereit, Inc. | Markle Bank | Markle | Real Estate Investment Trust | 1/2/2007 |
| LCB Investment II, Inc. | Lake City Bank | Warsaw | Investment Portfolio Management | 1/2/2007 |
| LCB Funding, Inc. | Lake City Bank | Warsaw | Investment Portfolio Management | 1/2/2007 |
| Home Federal LLC | Home Federal Bank | Columbus | Like Kind Exchange Services | 5/30/2007 |
| Community Wealth Management Group, Inc. | Community Trust & Investment Company, Inc. | Noblesville | Formed To Facilitate the Transfer of Trust Accounts, Personal Property and Contracts from Community Trust and Investment to MFB Financial, Mishawaka, Indiana | 9/28/2007 |

Main Office Relocations in 2007

| Name | From/To Address | From/To City | Moved |
|--------------------------------|--|------------------------|-----------|
| Greensfork Township State Bank | 6880 South Arba Pike 7375 South Highway 27 | Spartanburg Lynn | 3/12/2007 |
| Midwest AG Finance, Inc. | 1107 N. Benjamin Street 210 East Highway 52 | Rushville Rushville | 9/10/2007 |

Branch Office Relocations in 2007

| Name | From/To Address | From/To City | Moved |
|----------------------------------|--|------------------------------|--------------|
| Irwin Union Bank & Trust Company | 1901 Taylor Road 707 Creekview Drive | Columbus Columbus | 2/20/2007 |
| Centier Bank | 6529 S. Columbia Avenue 6525 A Columbia Avenue | Hammond Hammond | 4/16/2007 |
| Irwin Union Bank & Trust Company | 2502 Lake Lansing Road 2624 Lake Lansing Road | Lansing, MI Lansing, MI | 5/18/2007 |
| Lake City Bank | 200 E. Main Street, Suite 600 6851 West Jefferson Boulevard | Fort Wayne Fort Wayne | 8/22/2007 |
| Tower Bank & Trust Company | 103 E Center Street 120 North Buffalo | Warsaw Warsaw | 10/29/2007 |
| The Farmers Bank | 3685 Priority Way South Drive 9225 Priority Way West Drive, Ste 115 | Indianapolis Indianapolis | 11/1/2007 |
| Lincoln Bank | 590 South State Road 67 1010 North State Road 67 | Moorseville Moorseville | 11/13/2007 |
| Monroe Bank | 2059 Hadley Road 802 Edwards Drive | Plainfield Plainfield | 12/14/2007 |

Additions & Deletions in 2007

| Holding Company Name | City | Activity | Effective Date |
|-------------------------------------|----------------|---|-----------------------|
| St. Joseph Capital Bank | Mishawaka | Merged With Old National Bank, Evansville | 2/2/2007 |
| Mainsource Bank - Crawfordsville | Crawfordsville | Merged With Mainsource Bank, Greensburg | 9/14/2007 |
| City Savings Bank | Michigan City | Merged With The LaPorte Savings Bank, LaPorte | 10/12/2007 |
| Knisely Bank | Butler | Merged with The Farmers & Merchants State Bank, Archbold, Ohio | 12/31/2007 |

Merger/Consolidations of State Banks in 2007

| Surviving Institution Institution Merged | City | Surviving Institution Name | City | Consummated |
|--|--------------------------------------|---------------------------------------|--------------|--------------------|
| First Internet Bank of Indiana Landmark Savings Bank, FSB | Indianapolis, IN Indianapolis, IN | First Internet Bank of Indiana | Indianapolis | 1/1/2007 |
| Old National Bank St. Joseph Capital Bank | Evansville, IN Mishawaka, IN | Old National Bank | Evansville | 2/2/2007 |
| Harris National Association First National Bank and Trust | Chicago, IL Kokomo, IN | Harris National Association | Chicago | 5/11/2007 |
| Mainsource Bank Mainsource Bank-Crawfordsville | Greensburg, IN Crawfordsville, IN | Mainsource Bank | Greensburg | 9/14/2007 |
| West End Bank, SB West End Interim Bank LI | Richmond, IN Richmond, IN | West End Bank, SB | Richmond | 9/28/2007 |
| The LaPorte Savings Bank LaPorte Interim Bank LI | LaPorte, IN LaPorte, IN | The LaPorte Savings Bank | LaPorte | 10/12/2007 |
| The LaPorte Savings Bank City Savings Bank | LaPorte, IN Michigan City, IN | The LaPorte Savings Bank | LaPorte | 10/12/2007 |
| The Farmers & Merchants State Bank | Archbold, OH | The Farmers & Merchants State Bank | Archbold | 12/31/2007 |
| Knisely Bank Butler, IN | | | | |

Holding Company Acquisitions in 2007

| Holding Company Name | City | Target Name | City | Consummated |
|-----------------------------|-------------|-----------------------------------|-------------|--------------------|
| Harris Bankcorp, Inc. | Chicago, IL | First National Bank and Trust | Kokomo | 1/4/2007 |
| Old National Bancorp | Evansville | St. Joseph Capital Corporation | Mishawaka | 2/1/2007 |
| 1st Source Corporation | South Bend | Fina Bancorp, Inc. | Valparaiso | 5/31/2007 |

Active State Commercial Banking Institutions 12/31/07

| DFIID | Name | City |
|-------|---------------------------------------|----------------|
| 263 | Community State Bank | Avilla |
| 161 | Bath State Bank | Bath |
| 182 | First Bank of Berne | Berne |
| 280 | Bloomfield State Bank | Bloomfield |
| 212 | Monroe County Bank | Bloomington |
| 8857 | United Commerce Bank | Bloomington |
| 229 | Peoples Trust & Savings Bank | Boonville |
| 654 | Warrick Loan & Savings Association | Boonville |
| 37 | The Farmers & Merchants Bank | Boswell |
| 226 | The First State Bank | Bourbon |
| 171 | Community State Bank | Brook |
| 284 | The Farmers State Bank | Brookston |
| 227 | Hendricks County Bank & Trust Company | Brownsburg |
| 149 | The Peoples Bank | Brownstown |
| 244 | State Bank of Burnettsville | Burnettsville |
| 39 | Wayne Bank and Trust Company | Cambridge City |
| 25 | Home Federal Bank | Columbus |
| 193 | Irwin Union Bank & Trust Company | Columbus |
| 209 | First Farmers Bank and Trust Company | Converse |
| 204 | Community First Bank | Corydon |
| 144 | The Fountain Trust Company | Covington |
| 168 | CSB State Bank | Cynthiana |
| 281 | Demotte State Bank | Demotte |
| 258 | Dupont State Bank | Dupont |
| 223 | The Elberfeld State Bank | Elberfeld |
| 8821 | Elkhart Community Bank | Elkhart |
| 10990 | Bank of Evansville | Evansville |
| 11382 | Evansville Commerce Bank | Evansville |
| 245 | The Peoples State Bank | Ellettsville |
| 8 | Citizens Exchange Bank | Fairmount |
| 30 | The Fairmount State Bank | Fairmount |
| 310 | Star Financial Bank | Fort Wayne |
| 8587 | Tower Bank And Trust Company | Fort Wayne |
| 28 | Fowler State Bank | Fowler |
| 9 | Alliance Bank | Francesville |
| 205 | The Farmers Bank | Frankfort |
| 7806 | Heartland Community Bank | Franklin |

Active State Commercial Banking Institutions 12/31/07

| DFIID | Name | City |
|-------|--|---------------|
| 14 | Mutual Savings Bank | Franklin |
| 132 | Springs Valley Bank & Trust Company | French Lick |
| 233 | The Friendship State Bank | Friendship |
| 172 | The Garrett State Bank | Garrett |
| 146 | Bank of Geneva | Geneva |
| 9158 | Goshen Community Bank | Goshen |
| 285 | Grabill Bank | Grabill |
| 277 | Greenfield Banking Company | Greenfield |
| 143 | Mainsource Bank | Greensburg |
| 78 | Griffith Savings Bank | Griffith |
| 296 | Pacesetter Bank | Hartford City |
| 8800 | Freedom Bank | Huntingburg |
| 38 | The Bippus State Bank | Huntington |
| 7650 | First Internet Bank of Indiana | Indianapolis |
| 10640 | Indiana Business Bank | Indianapolis |
| 179 | Salin Bank and Trust Company | Indianapolis |
| 11047 | Symphony Bank | Indianapolis |
| 291 | German American Bancorp | Jasper |
| 289 | The Campbell & Fetter Bank | Kendallville |
| 240 | Kentland Bank | Kentland |
| 10203 | Community First Bank of Howard County | Kokomo |
| 9033 | Lafayette Community Bank | Lafayette |
| 253 | Farmers State Bank | LaGrange |
| 206 | The Farmers State Bank | Lanesville |
| 238 | Farmers & Merchants Bank | Laotto |
| 184 | The LaPorte Savings Bank | LaPorte |
| 273 | Linden State Bank | Linden |
| 31 | State Bank of Lizton | Lizton |
| 288 | Marklebank | Markle |
| 252 | State Bank of Medora | Medora |
| 183 | Farmers State Bank | Mentone |
| 175 | First State Bank of Middlebury | Middlebury |
| 137 | Peoples Savings & Loan Association, Monticello | Monticello |
| 187 | Citizens Bank | Mooreville |
| 649 | Peoples Bank SB | Munster |
| 194 | The Napoleon State Bank | Napoleon |
| 50 | Community Bank of Southern Indiana | New Albany |

Active State Commercial Banking Institutions 12/31/07

| DFIID | Name | City |
|-------|--|----------------|
| 56 | Ameriana Bank and Trust, SB | New Castle |
| 224 | Citizens State Bank | New Castle |
| 198 | Farmers State Bank | New Ross |
| 235 | The New Washington State Bank | New Washington |
| 234 | Community Bank | Noblesville |
| 170 | The North Salem State Bank | North Salem |
| 33 | Ossian State Bank | Ossian |
| 188 | Lincoln Bank | Plainfield |
| 207 | First State Bank of Porter | Porter |
| 314 | West End Savings Bank | Richmond |
| 16 | Tri-County Bank & Trust Company | Roachdale |
| 35 | Community State Bank | Royal Center |
| 7990 | Midwest AG Finance, Incorporated | Rushville |
| 287 | Central Bank | Russiaville |
| 153 | Spencer County Bank | Santa Claus |
| 199 | The Scott County State Bank | Scottsburg |
| 225 | Jackson County Bank | Seymour |
| 176 | 1st Source Bank | South Bend |
| 166 | Greensfork Township State Bank | Spartanburg |
| 228 | Owen County State Bank | Spencer |
| 278 | Grant County State Bank | Swayzee |
| 147 | The Farmers State Bank | Sweetser |
| 317 | The Morris Plan Company of Terre Haute | Terre Haute |
| 293 | Terre Haute Savings Bank | Terre Haute |
| 270 | Centrebank | Veedersburg |
| 222 | Lake City Bank | Warsaw |
| 236 | The Merchants Bank & Trust Company | West Harrison |
| 220 | American Trust and Savings Bank | Whiting |
| 215 | Centier Bank | Whiting |
| 282 | Bank of Wolcott | Wolcott |

Active Corporate Fiduciaries 12/31/07

| DFIID | Name | City | Trust Assets Under Administration* |
|-------|--|---------------|------------------------------------|
| 322 | Lake County Trust Company | Crown Point | \$1 |
| 160 | Star Wealth Management | Fort Wayne | \$179,172 |
| 11301 | Tower Trust Company | Fort Wayne | \$515,693 |
| 9829 | Hoosier Trust Company | Indianapolis | \$186,347 |
| 7802 | Trust Company of Oxford | Indianapolis | \$2,755,263 |
| 9944 | German American Financial Advisors & Trust Co. | Jasper | \$118,196 |
| 7631 | Harbour Trust And Investment Management Co. | Michigan City | \$379,726 |
| 323 | Indiana Trust And Investment Management Co. | Mishawaka | \$1,233,171 |
| 324 | Community Trust & Investment Company, Inc. | Noblesville | \$600 |

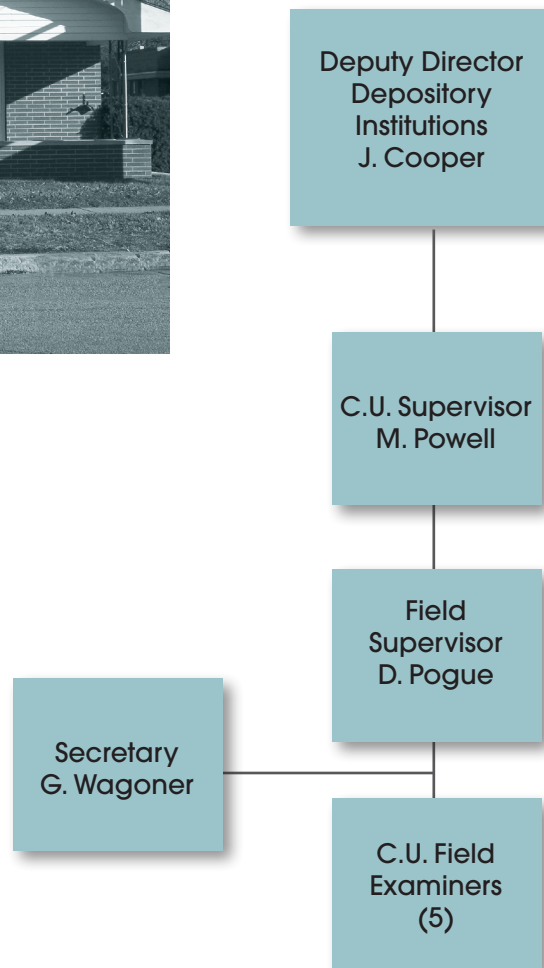
* in Thousands



Citizens State Bank, New Castle, Indiana

Division of Credit Unions

Sullivan County Credit Union, Sullivan, Indiana



Division of Credit Unions

The Credit Union Division regulates and supervises state chartered credit unions under the authority of the Indiana Credit Union Act. The division's primary goal is ensuring that state chartered credit unions operate safely and soundly, and in compliance with state statutes.

PERSONNEL AND TRAINING

Credit Union Supervisor Mark Powell directs a division comprised of a highly trained, professional staff comprised of five field examiners and one field supervisor.

The Credit Union Division continues to provide extensive training and professional development to its examiners. In 2007 division management and staff attended training sessions sponsored by both the National Credit Union Administration (NCUA) and the National Association of State Credit Union Supervisors (NASCUS). These sessions provided up-to-date training on examination issues, current and emerging issues, investments, consumer, commercial and real estate lending, fraud detection, and effective problem resolution. These sessions also afforded an exchange of ideas and experiences with examiners from outside Indiana. Credit Union Division staff also attended a three-day training conference for all Department employees held in Bloomington during September 2007. Topics covered included managing multiple priorities, foreclosure and bankruptcy law, information/technology examination updates, agriculture economic update, corporate governance update, and a general economic update.

EXAMINATION AND SUPERVISION

The division's goal is to perform an examination of each of our state chartered credit unions within a fifteen month cycle. This goal was met during 2007. Examiners also performed several interim contacts at credit unions exhibiting problem areas. In addition to on-site contacts, supervision occurred via monthly reporting to assigned examiners.

The division's approach to examination is "risk based." Each Examiner-in-Charge determines the scope at the onset of the examination, based on the perceived risk inherent in the credit union's operation. Factors involved in the scope determination include, but are not limited to: prior examination findings and ratings; perceived quality and stability of management; the complexity of the credit union's product offerings; results of the annual audit; and information provided by management on the pre-examination survey.

The division continues to use the CAMEL rating system, which assigns ratings for Capital, Asset Quality, Management, Earnings and Liquidity. These areas receive a rating of 1 (best) to 5 (worst). A composite rating derives from the component ratings, and examiners' overall assessment of risk.

Credit unions which receive a CAMEL composite of "3" or below must submit monthly reports to their assigned examiners. Examiners compile and analyze the information. Division management reviews and coordinates supervision efforts.

Communicating with management is an integral part of the examination process. An exit conference occurs at the conclusion of each examination. During this conference the examination findings are discussed with the management team and board of directors of the credit union. We believe this contact aids communication of the problem areas, and hastens resolutions.

The division continued to work cooperatively with the National Credit Union Administration (NCUA) and American Share Insurance (ASI). The NCUA and ASI are responsible for the deposit insurance programs that insure all of the savings (shares) held by Indiana state chartered credit unions. The NCUA and ASI perform insurance-risk reviews in coordination with the examinations performed by division staff. Credit union division management personnel meet with their NCUA and ASI counterparts regularly to discuss problem credit unions' progress, and schedule joint contacts.

Division of Credit Unions

INDUSTRY ASSOCIATIONS

The division continued to work cooperatively with trade associations and professional organizations devoted to the benefit of the credit union industry. As part of our commitment senior division and department staff attended several meetings with the Indiana Credit Union League to discuss potential legislation that would be proposed before the state legislature.

The division remains closely involved with the National Association of State Credit Union Supervisors (NASCUS). NASCUS promotes the dual chartering system, and the autonomy of state regulatory agencies. Credit Union Supervisor Mark Powell is a member of the Performance Standards Committee and has served as this committee's chairman in the past.

During 2007 the division maintained its accredited status. The maintenance of accredited status involves extensive self-evaluation, prepared by examination and supervisory staff, and off-site review of the division's operation by NASCUS representatives. The division received unqualified approval of its operation during this review process. Indiana's Credit Union Division was the second state regulatory authority to receive NASCUS accreditation, in 1990, and we remain committed to the high ideals for which it stands.

FINANCIAL TRENDS

As of December 31, 2007 there were 46 active state chartered credit unions. The combined total assets of these 46 credit unions as of December 31, 2007 were \$7,956M an increase of \$1,256M over December 31, 2006. This translates to an 18.8% increase in the total assets of all state chartered credit unions in Indiana. Member deposits in Indiana credit unions increased from \$5,431M as of December 31, 2006 to \$6,381M as of December 31, 2007. This represents a growth in deposits of 17.5%. Member loans made by Indiana credit unions increased from \$4,849M as of December 31, 2006 to \$5,591M as of December 31, 2007. This represents an increase of 15.3% in loans to members.

The following credit union has been merged into another credit union since the last annual report:

Arvin G&F Credit Union, Columbus

The following credit unions converted from a federal charter to a state charter since the last annual report:

Indiana University Credit Union, Bloomington

Marion School Employees Credit Union, Marion

Credit Union Annual Report 12/31/07

Balance Sheet

Schedule A

| | State Chartered Credit Unions | | | Indiana Federally Chartered Credit Unions |
|--|-------------------------------|-----------------|-----------------|--|
| ASSETS | 12/31/05 | 12/31/06 | 12/31/07 | 12/31/07 |
| Loans | 4,691 | 4,881 | 5,633 | 5,778 |
| Less: Allowance for Loan Loss | (29) | (32) | (42) | (40) |
| Cash on Hand, Cash on Deposit, & Cash Equivalents | 393 | 556 | 663 | 623 |
| Federal Agencies & U. S. Government Obligations | 506 | 459 | 554 | 438 |
| Banks, Savings & Loan & Mutual Saving Banks | 230 | 195 | 213 | 389 |
| Other Investments | 272 | 326 | 571 | 686 |
| Other Assets | 287 | 315 | 364 | 394 |
| TOTAL ASSETS | \$ 6,350 | \$ 6,700 | \$ 7,956 | 8,268 |
| LIABILITIES | | | | |
| Shares | 5,074 | 5,431 | 6,381 | 7,060 |
| Total Borrowings | 541 | 471 | 632 | 169 |
| Dividends Payable | 1 | 1 | 2 | 3 |
| Accounts Payable & Other Liabilities | 54 | 66 | 70 | 62 |
| TOTAL LIABILITIES | 5,670 | 5,969 | 7,085 | 7,294 |
| EQUITY | | | | |
| Regular Reserve | 288 | 321 | 376 | 207 |
| Other Reserve | 10 | 10 | 9 | 43 |
| Accumulated Unrealized Gain/Loss | (3) | (3) | - | 1 |
| Undivided Earnings | 385 | 403 | 486 | 723 |
| TOTAL EQUITY | 680 | 731 | 871 | 974 |
| TOTAL LIABILITIES & EQUITY | \$ 6,350 | \$ 6,700 | \$ 7,956 | 8,268 |
| Number of State Chartered Credit Unions: | 47 | 45 | 46 | |
| Number of Federally Chartered Credit Unions: | 182 | 172 | 166 | |

Indiana State-Chartered Credit Unions Year Ended 12/31/07 Income Statement Schedule B (\$ in Millions)

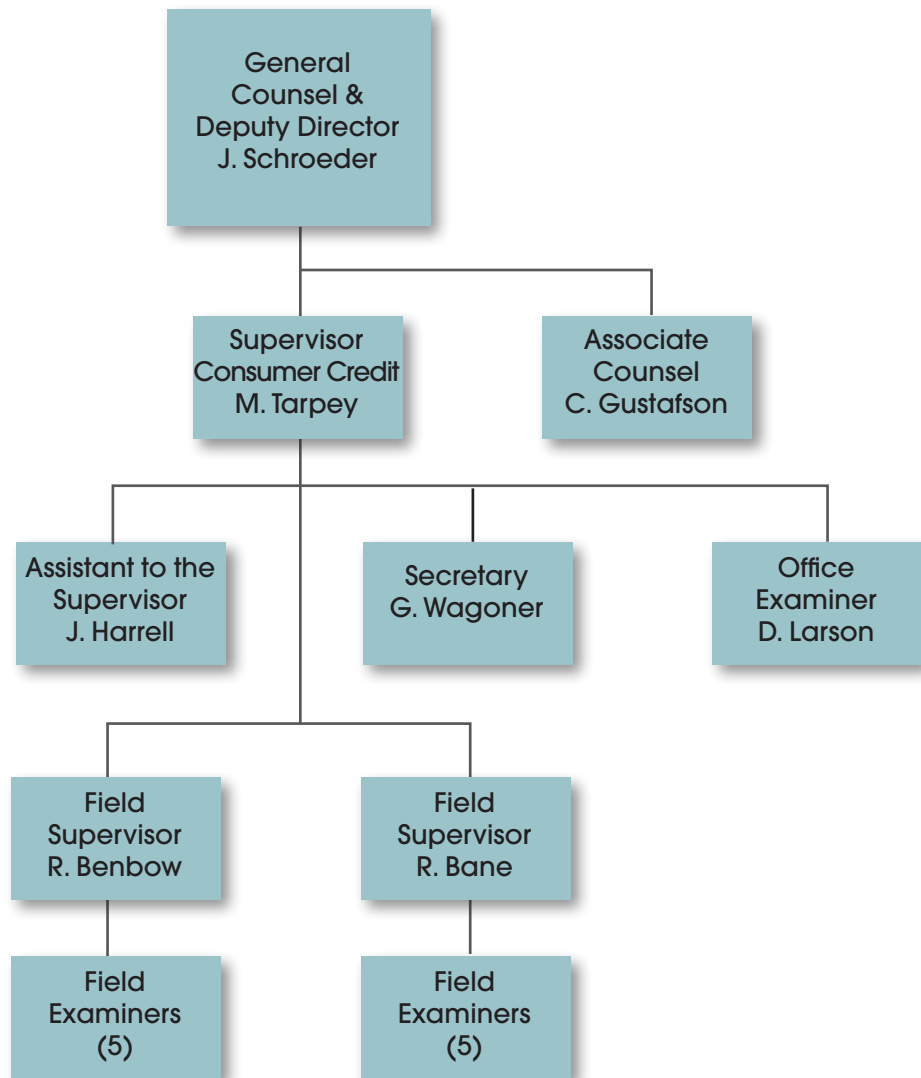
| | State Chartered Credit Unions | | | Indiana Federally Chartered Credit Unions |
|--|-------------------------------|------------|------------|--|
| | 12/31/05 | 12/31/06 | 12/31/07 | 12/31/07 |
| INCOME | | | | |
| Interest on Loans | 259 | 296 | 355 | 384 |
| Less Interest Refunds | - | (1) | (1) | - |
| Income on Investments | 43 | 58 | 87 | 100 |
| Other Income | 81 | 94 | 117 | 127 |
| TOTAL INCOME | 383 | 447 | 558 | 611 |
| EXPENSES | | | | |
| Employee Compensation & Benefits | 101 | 109 | 133 | 162 |
| Travel & Conference | 3 | 3 | 4 | 4 |
| Office Occupancy | 14 | 16 | 19 | 25 |
| Office Operations | 39 | 41 | 48 | 64 |
| Educational & Promotional | 9 | 9 | 11 | 14 |
| Loan Servicing | 9 | 9 | 10 | 21 |
| Professional & Outside | 16 | 17 | 20 | 31 |
| Provision for Loan Losses | 19 | 21 | 29 | 32 |
| Members Insurance | - | - | - | 1 |
| Operating Fees | 1 | 1 | 1 | 2 |
| Interest on Borrowed Money | 19 | 21 | 25 | 5 |
| Other Expenses | 4 | 5 | 9 | 6 |
| TOTAL EXPENSES | 234 | 252 | 309 | 367 |
| NET INCOME BEFORE TRANSFERS & DIVIDENDS | 149 | 195 | 249 | 244 |
| DIVIDENDS TO MEMBERS | 104 | 148 | 200 | 198 |
| NET INCOME | 45 | 47 | 49 | 46 |
| DISTRIBUTION OF NET INCOME | | | | |
| Transferred to Regular Reserves | 30 | 31 | 38 | 2 |

Total Credit Unions Assets in 2007

| LOCATION | NAME OF ASSOCIATION | TOTAL ASSETS (\$) |
|---|---|-------------------|
| Auburn | Dekalb Financial Credit Union | \$ 88,687,084 |
| Bedford | Hoosier Hills Credit Union | \$ 313,548,615 |
| Bloomington | Indiana University Credit Union | \$ 545,174,233 |
| Bluffton | Franklin Electric Employees Credit Union | \$ 1,119,920 |
| Brazil | Clay County Farm Bureau Co-Op Credit Union | \$ 6,718,753 |
| Chrisney | Spencer County Credit Union | \$ 1,860,451 |
| Columbus | Centra Credit Union | \$ 716,417,321 |
| Crown Point | Tech Credit Union | \$ 254,665,597 |
| East Chicago | East Chicago Firemen's Credit Union | \$ 998,080 |
| Fishers | Forum Credit Union | \$ 1,057,754,707 |
| Fort Wayne | General Credit Union | \$ 78,851,610 |
| Fort Wayne | Pinnacle Credit Union | \$ 15,921,577 |
| Fort Wayne | Public Service Employees Credit Union | \$ 21,534,990 |
| Goshen | Elkhart County Farm Bureau Credit Union | \$ 430,808,347 |
| Hagerstown | Perfect Circle Credit Union | \$ 46,765,138 |
| Hammond | Hammond Firefighters Association Credit Union | \$ 1,392,376 |
| Indianapolis | Double Eleven Credit Union | \$ 38,059,244 |
| Indianapolis | Energy Plus Credit Union | \$ 27,969,803 |
| Indianapolis | Family Horizons Credit Union | \$ 77,597,313 |
| Indianapolis | Firefighters Credit Union | \$ 46,820,903 |
| Indianapolis | Hoosier Farm Bureau Credit Union | \$ 9,743,598 |
| Indianapolis | Indiana Members Credit Union | \$ 1,079,482,494 |
| Indianapolis | Indianapolis Post Office Credit Union | \$ 47,348,050 |
| Indianapolis | KEMBA (Indianapolis) Credit Union | \$ 52,150,753 |
| Indianapolis | Northpark Community Credit Union | \$ 44,783,550 |
| Indianapolis | Professional Police Officers | \$ 30,834,258 |
| Indianapolis | State Merit Service Credit Union | \$ 4,649,317 |
| Kokomo | Kokomo Post Office Credit Union | \$ 2,154,129 |
| La Porte | Municipal Employees Credit Union | \$ 747,512 |
| Lawrenceburg | Community Spirit Credit Union | \$ 14,067,674 |
| Loogootee | Martin County Cooperative Credit Union | \$ 8,078,965 |
| Marion | Marion School Employees Credit Union | \$ 190,643,741 |
| Merrillville | Members Source Credit Union | \$ 54,052,865 |
| Michigan City | Members Advantage Credit Union | \$ 60,666,282 |
| Mishawaka | Taper Lock Credit Union | \$ 32,285,559 |
| Monroe | Adams County Farm Bureau Co-Op Credit Union | \$ 10,903,334 |
| Muncie | Muncie Post Office Credit Union | \$ 1,085,608 |
| New Albany | New Albany Schools Credit Union | \$ 15,663,526 |
| Richmond | NATCO Credit Union | \$ 42,630,803 |
| Richmond | Richmond State Hospital Emp. Credit Union | \$ 1,251,371 |
| Seymour | Jackson County Co-Op Credit Union | \$ 16,107,890 |
| South Bend | South Bend Post Office Credit Union | \$ 10,830,061 |
| South Bend | Teachers Credit Union | \$ 1,856,167,381 |
| Sullivan | Sullivan County Credit Union | \$ 8,920,044 |
| Wabash | Beacon Credit Union | \$ 579,114,700 |
| Warsaw | United Credit Union | \$ 9,351,632 |
| Net Assets – Includes Allowance for Loan Losses | | \$ 7,956,381,159 |



Division of Consumer Credit



John J. Schroeder

Division of Consumer Credit

Statutes administered by the Consumer Credit Division include:

| | |
|-------------|--------------------------------------|
| IC 24-4.5 | Indiana Uniform Consumer Credit Code |
| IC 24-4.5-7 | Small Loans (Payday Loans) |
| IC 24-7 | Rental Purchase Agreements |
| IC 28-1-29 | Budget Service Companies |
| IC 28-7-5 | Pawnbrokers |
| IC 28-8-4 | Money Transmitters |
| IC 28-8-5 | Check Cashers |

IC 24-4.5: Indiana Uniform Consumer Credit Code

When an Indiana consumer borrows money from a bank or finance company, makes a purchase on installment credit, leases a vehicle for personal use, the consumer is entering into a transaction that is regulated by the Indiana Uniform Consumer Credit Code (the Code). This means that the consumer must receive certain required disclosures, and there are limitations on the finance charge and other types of charges that may be imposed on the transaction. The Code has been in force since it was enacted in the 1971 session of the Indiana General Assembly. Ten other states have similar uniform consumer credit laws.

A stated purpose of the statute is to simplify, clarify, and modernize consumer credit laws. Additional purposes include:

- provide rate ceilings sufficient to assure an adequate supply of credit to consumers;
- further consumer understanding of the terms of credit transactions;
- foster competition among the various suppliers of consumer credit so that consumers may obtain credit at a reasonable cost;
- protect consumers from unfair practices arising from consumer credit transactions having due regard for the interests of legitimate and scrupulous creditors;
- permit and encourage the development of fair and economically sound consumer credit practices; and conform the regulation of consumer credit transactions to the policies of the Federal Consumer Credit Protection Act.

The Code regulates all persons or entities regularly extending credit to individuals for a personal, family, or household purpose. Lenders are required to obtain a loan license and other creditors are required to file a notification with the Department. To be covered, a transaction must have an amount financed that does not exceed \$50,000, or the debt must be secured by an interest in land or by personal property used or expected to be used as the principal dwelling of the debtor. The debt must be payable by written agreement in more than four installments or the debt must be subject to a finance charge.

First lien mortgages are exempt from the statute except for limited provisions under IC 24-4.5-3-105 and IC 24-4.5-3-701. The Code does not regulate transactions that are for agricultural, business, or commercial purposes.

Note: The Department experienced a significant loss in the number of licensed lenders during calendar year 2007 due to problems associated with the decline of the subprime housing market.

GAP Administrators: GAP means Guaranteed Auto (Asset) Protection. This is a credit related product that may offer protections to consumers when they experience a total loss to their vehicle and the balance on the credit contract exceeds the actual cash value of the vehicle. If a consumer has purchased GAP coverage and suffers a total loss the “gap” between the value of the vehicle and the balance on the credit agreement will be waived, subject to certain conditions and limitations.

Before a GAP administrator may offer this product in Indiana the administrator and their product must be approved by the Department. There are disclosure requirements, fee limitations, and cancellation refund requirements associated with GAP products.

IC 24-4.5-7: Small Loans (Payday Loans)

A certain segment of the population does not qualify for typical credit services because they have not established verifiable and reliable repayment practices. Other people may choose to bypass normal credit channels for relatively small loans for convenience reasons. If such people have steady employment and

Division of Consumer Credit

an active checking account they can usually obtain loans from payday lenders. Payday loans range in size from \$50 to \$550, have a term of at least 14 days, and entitle the lender to hold a personal check or electronic payment authorization for repayment of the loans.

Because these loans are made without regard to the normal underwriting standards based on character, capacity to repay, and collateral, the transactions carry an enhanced repayment risk factor, and lenders are permitted to impose substantially higher finance charge rates than are permitted on normal credit transactions. These transactions have the highest finance rates permitted by statute.

IC 24-7: Rental Purchase Agreements

As an alternative to making a purchase on credit, a consumer may enter into a rent to own transaction for certain goods. These transactions allow consumers to rent household goods, with little or no credit check, take the goods home, and make periodic payments similar to credit transactions. In a rent to own transaction, the consumer may return the goods to the rental store and cancel the transaction at any time. There is no legal obligation to remain in the transaction. However, if the consumer does remain in the transaction, and makes a specified number of payments, the consumer becomes the owner of the property that was rented.

The Rental Purchase Agreement Act regulates rent to own transactions in Indiana. The statute contains disclosure requirements and additional charges limitations to give consumers a measure of protection. Entities in this business must be registered with the Department.

IC 28-1-29: Budget Service Companies

Consumers who find themselves overloaded with unsecured debt and struggling to manage personal financial matters may turn to a budget service company for assistance. These companies analyze the consumer's household financial condition, prepare a workable budget, enter a contract with the debtor to pay creditors, and make payment arrangements with the consumer's listed creditors. Consumers then make one periodic payment to the budget service company, which in turn pays the creditors as arranged.

Companies in this business must be licensed by the Department. The budget service company act was amended effective July 1, 2007, to cover all budget service agreements solicited and entered into in Indiana, regardless of the physical location of the budget service company. This amendment will cause a significant increase in the number of licensed budget service companies.

IC 28-7-5: Pawnbrokers

A credit source available to any person with portable security is a pawn loan. Pawnbrokers make short term, generally small dollar amount loans, based on the value of the security offered for the transaction. The security must be portable because the pawnbroker must take possession of the security offered on a pawn loan, and must hold the security in a safe and secure manner. For this type of loan, the borrower need not prove their credit worthiness via credit reports and income verifications. When consumers fail to repay pawn loans, they forfeit the pledged item, which becomes the property of the pawnbroker. Pawnbrokers must obtain a license before doing business in Indiana.

IC 28-8-4: Money Transmitters

A common method for money to be transmitted over long distances between two individuals, with either person or both being un-banked, is by the use of a money transmitter. A consumer remits cash at an agent location in Indiana that is convenient to them. In return, they receive a money order or traveler's check payable to a third party, or they execute an order for funds to be wired to a specific location for receipt by a specific person. These services allow un-banked consumers to make payments to certain entities, and they allow consumers to electronically send money to any other person at almost any location on the earth. Money Transmitters must obtain a license before doing business in Indiana.

IC 28-8-5: Check Cashers

The services of a check casher are vital to individuals without a banking relationship who receive wages via a paycheck or other benefits via check or draft. Various types of checks are known to carry differing risk factors, so the cost to cash a check can vary based on the type of check and the issuer of the check.

Check Cashers must obtain a license before doing business in Indiana.

Consumer Credit

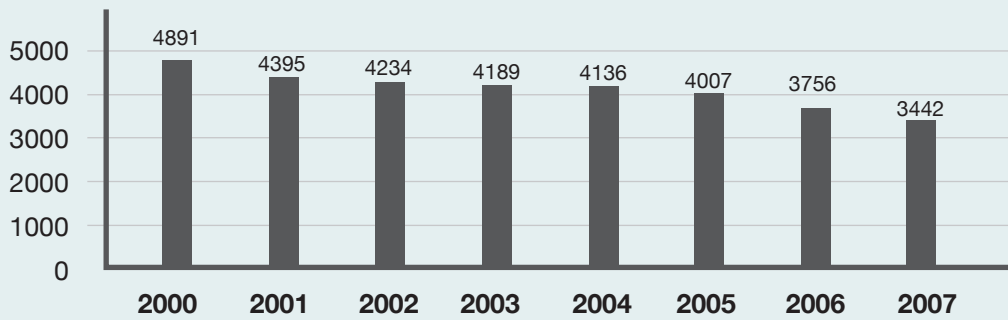
Licensed and registered entities are subject to periodic examinations to determine compliance with the statutes corresponding to their business type. As examiners discover violations they try to determine the cause and obtain assurance from the licensees or registrants that future transactions will be in compliance. Preventing violations is as significant as citing violations for remedies.

| Type of Examination | No. of Exams | Exam Days | No. of Violations | \$ Amount Refunded | No. of Non-\$ Violations |
|--------------------------|--------------|-----------------|-------------------|------------------------|--------------------------|
| Licensed Lenders | 73 | 206.30 | 218 | \$ 97,901.82 | 66 |
| Small Loan (Payday Loan) | 45 | 266.70 | 3894 | \$ 128,244.79 | 91 |
| Retail Creditor | 544 | 807.01 | 7341 | \$ 1,076,174.57 | 135 |
| Financial Institution | 48 | 233.96 | 10289 | \$ 90,029.90 | 124 |
| Rental Purchase | 24 | 42.27 | 79 | \$ 1,132.80 | 22 |
| Budget Service | 4 | 14.17 | 383 | \$ 11,573.07 | 6 |
| Pawn Broker | 33 | 62.94 | 13 | \$ 239.02 | 38 |
| Money Transmitter | 1 | 12.00 | 0 | \$ - | 12 |
| Check Cashing | 40 | 31.90 | 9 | \$ 3,099.62 | 10 |
| Totals | 812 | 1,677.25 | 22,226 | \$ 1,408,395.59 | 504 |

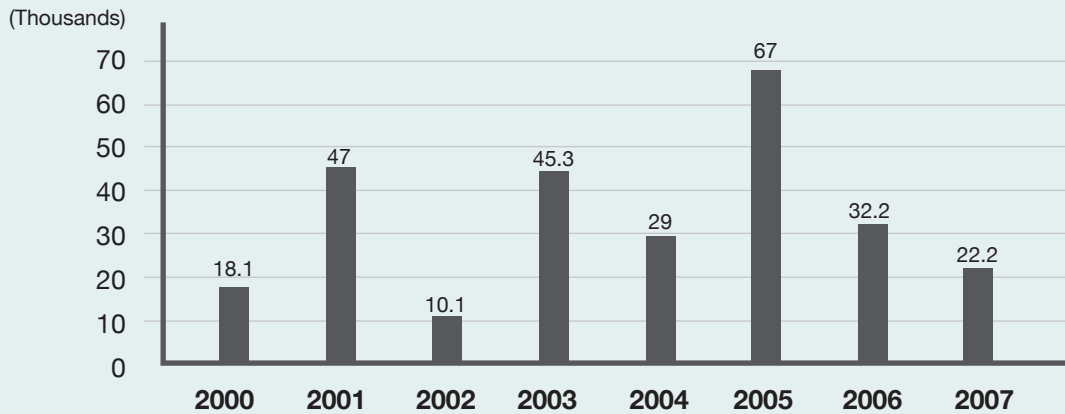


George Hicks

IUCCC Filers/Licensees

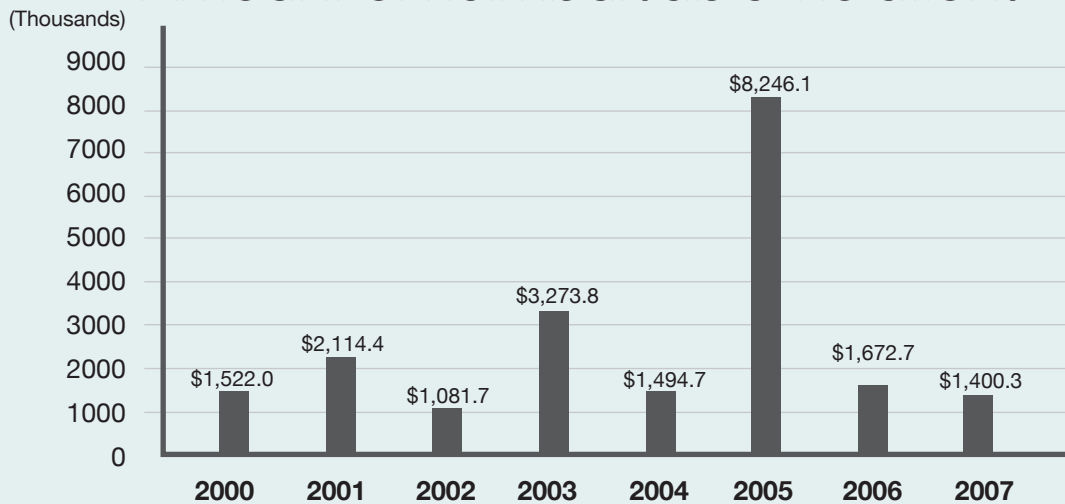


Number of Reimbursable Violations



NOTE: 2000 and 2002 violations were lower due to reduced staff and expanded small loan examinations made in those years.

Amount of Reimbursable Violations



New Consumer Credit Division Licenses Issued in 2007

| Number | Name | City | State | Date |
|-------------------------|--|------------------|-------|-------------------|
| LICENSED LENDERS | | | | |
| 10315 | Century Pacific Mortgage Corporation | Norcross | GA | January 12, 2007 |
| 10334 | Novelle Financial Services, Inc. | Laguna Hills | CA | January 12, 2007 |
| 10348 | Lender, Ltd. | Whitmore Lake | MI | January 12, 2007 |
| 10332 | Guaranteed Rate Inc. | Chicago | IL | January 12, 2007 |
| 10365 | Cornerstone Home Lending, Inc. | Houston | TX | January 12, 2007 |
| 10344 | Multi-State Home Lending, Inc. | Irvine | CA | January 12, 2007 |
| 10338 | Nationwide Home Loans, Inc. | Ft. Lauderdale | FL | January 12, 2007 |
| 10384 | Fifth Third Mortgage Company | Cincinnati | OH | February 23, 2007 |
| 10364 | San Diego Cornerstone Mortgage Corporation | San Diego | CA | February 23, 2007 |
| 10407 | First Residential Mortgage Network, Inc. | Louisville | KY | April 5, 2007 |
| 10416 | Polaris Home Funding Corp. | Grandville | MI | April 5, 2007 |
| 10393 | Primary Residential Mortgage, Inc. | Salt Lake City | UT | April 5, 2007 |
| 10430 | SCME Mortgage Bankers, Inc. | San Diego | CA | April 5, 2007 |
| 10432 | Profolio Home Mortgage Corporation | Houston | TX | May 4, 2007 |
| 10443 | IBM Lender Business Process Services, Inc. | Charlotte | NC | May 4, 2007 |
| 10360 | Homeview Lending, Inc. | Lake Forest | CA | May 4, 2007 |
| 10425 | Capital Mortgage Funding, LLC | Southfield | MI | May 4, 2007 |
| 10433 | Lending Company, Inc. (The) | Phoenix | AZ | June 15, 2007 |
| 10455 | American Home Mortgage Ventures, LLC | Melville | NY | June 15, 2007 |
| 10462 | Carrington Mortgage Services, LLC | Santa Ana | CA | June 15, 2007 |
| 10515 | Priority Partners Lending Group, Inc. | Grandville | MI | August 17, 2007 |
| 10503 | BankersWest Funding Corporation | City of Industry | CA | August 17, 2007 |
| 10442 | Fairway Independent Mortgage Corporation | Sun Prairie | WI | August 17, 2007 |
| 10468 | South Central Indiana Rural Electric Membership Corporation | Martinsville | IN | August 17, 2007 |
| 10504 | Solstice Capital Group Inc. | Mettawa | IL | August 17, 2007 |
| 10489 | SecurityNational Mortgage Company | Salt Lake City | UT | August 17, 2007 |
| 10533 | Option One Mortgage Services, Inc. | Irvine | CA | October 18, 2007 |
| 10521 | Efficient Lending Corporation | Irvine | CA | October 18, 2007 |
| 10476 | First Equity Mortgage Incorporated | Cincinnati | OH | October 18, 2007 |
| 10550 | Milestone Mortgage, Inc. | Indianapolis | IN | October 18, 2007 |
| 10563 | Transcontinental Lending Group, Inc. | Deerfield Beach | FL | November 28, 2007 |
| 10510 | Metropolitan Financial Services, Inc. | Greenwood | IN | November 28, 2007 |
| 10566 | Direct Loan America, Inc. | Corona | CA | December 4, 2007 |

New Consumer Credit Division Licenses Issued in 2007

| Number | Name | City | State | Date |
|---------------------------------|--|--------------|-------|-------------------|
| SMALL LOAN (PAYDAY LOAN) | | | | |
| 10426 | M & C Association, LLC | Clarksville | IN | May 4, 2007 |
| 10372 | Lee's Package Liquor, Inc. | Indianapolis | IN | May 4, 2007 |
| 10401 | Cash America Net of Indiana, LLC | Chicago | IL | August 17, 2007 |
| 10553 | PDO Financial, LLC | Ft Worth | TX | December 19, 2007 |
| BUDGET SERVICE | | | | |
| 10419 | Indy Credit Counseling, Inc. | Indianapolis | IN | April 5, 2007 |
| 10418 | Achieve CCA, Inc. | Evansville | IN | May 4, 2007 |
| 10302 | Family Life Services, Inc. | West Fargo | ND | June 15, 2007 |
| 10402 | 6:10 Services | San Diego | CA | June 15, 2007 |
| 10505 | North Seattle Community College Foundation | Seattle | WA | August 17, 2007 |
| 10525 | Take Charge America, Inc. | Phoenix | AZ | October 18, 2007 |
| 10552 | MyStar Financial Solutions Inc. | Indianapolis | IN | October 18, 2007 |
| 10523 | CareOne Services, Inc. | Columbia | MD | October 18, 2007 |
| PAWN BROKER | | | | |
| 10333 | Jay County Pawnbrokers / JC Adds, LLC | Portland | IN | January 12, 2007 |
| 10450 | Quick-Cash Pawn Inc. | Greendale | IN | June 15, 2007 |
| 10337 | North Main Pawn, Inc. | Evansville | IN | June 15, 2007 |
| 10484 | Cash-N-Pawn of Indiana, Ltd. | Minnetonka | MN | June 15, 2007 |
| 10449 | Tim H Bryant and Heidi R. Bryant | Bluffton | IN | October 18, 2007 |
| 10560 | Red's Worldwide Pawn, LLC | Elkhart | IN | November 28, 2007 |
| 10586 | Evansville Pawn, LLC | Evansville | IN | December 19, 2007 |
| MONEY TRANSMITTER | | | | |
| 10311 | Intermex Wire Transfer, LLC | Miami | FL | February 23, 2007 |
| 10352 | Trans-Fast Remittance, LLC | New York | NY | April 5, 2007 |
| 10389 | CoinStar E-Payment Services, Inc. | Bellevue | WA | May 4, 2007 |
| 10295 | IPP of America, Inc. | Fairfield | NJ | May 4, 2007 |
| 10142 | Precash Inc. | Houston | TX | May 4, 2007 |
| CHECK CASHING | | | | |
| 10382 | Checkmate / Kogates | Elkhart | IN | January 12, 2007 |
| 10358 | Meijer Stores Limited Partnership | Grand Rapids | MI | January 12, 2007 |
| 10305 | Buehler Foods, Inc. | Jasper | IN | April 23, 2007 |
| 10411 | M & C Association, LLC | Clarksville | IN | May 4, 2007 |
| 10483 | Cash-N-Pawn of Indiana, Ltd. | Minnetonka | MN | June 15, 2007 |
| 10472 | EDS Investments, Inc | Carmel | IN | August 17, 2007 |
| 10502 | Intercambio Express, Inc. | Goshen | IN | October 18, 2007 |
| 10549 | Jose W. Osorio | Indianapolis | IN | October 18, 2007 |
| 10565 | Check Into Cash Of Indiana, LLC | Cleveland | TN | November 28, 2007 |

Licensees & Registrants

As of December 31, 2007

| Type | Number Registered | Number Branch Locations |
|------------------------|-------------------|-------------------------|
| Loan Licenses | 252 | 526 |
| Small Loan Licenses | 46 | 541 |
| Retail Creditors | 2,688 | 1,422 |
| Rental Purchase | 55 | 258 |
| Budget Service | 14 | 7 |
| Pawnbrokers | 64 | 60 |
| Money Transmitters | 30 | 36 |
| Check Cashers | 65 | 552 |
| Financial Institutions | 228 | 1,495 |
| Gap Administrators | 44 | |
| Totals | 3,486 | 4,897 |

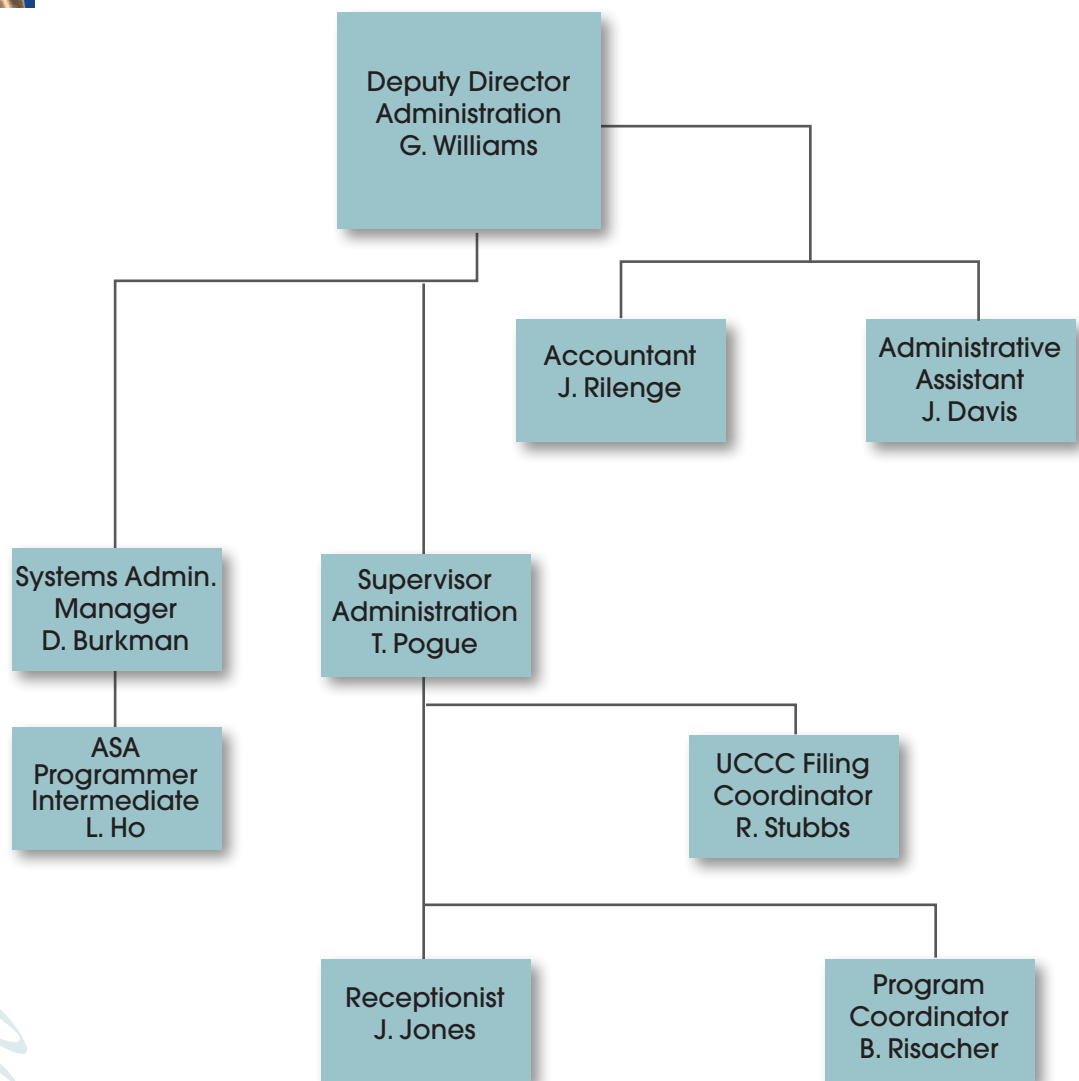


Scott Imbus



Division of Administration

Gina P. Williams



Division of Administration

The Division of Administration provides oversight and support in the areas of Fiscal Management; Human Resources and Staff Development; Facilities Management; Communications; Operations; and Information Systems.

The largest expenditures continue to be personnel costs and travel reimbursement. A review of the Department's fiscal operations can be found in the Report of Revenue and Expenditures, which is located elsewhere in this report.

The Department strives to attract and maintain a highly qualified, capable, and efficient work force. Examiner turnover in 2007 was 9.26%.

The Department actively recruits at many state colleges, universities, and job fairs and continues to promote itself as an attractive career opportunity. A commitment to continuing education is integral to staff development. Various training resources are used to ensure a knowledgeable and well respected staff. Among the sponsors utilized on a regular basis are: the Education Foundation of State Bank Supervisors; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; the Federal Financial Institutions Examination Council; the Indiana Bankers' Association, the National Association of Consumer Credit Administrators; the Fiduciary Trust Institute; the National Credit Union Administration, and the National Association of State Credit Union Supervisors. These external programs provide excellent individual technical instruction. Information is then shared with other staff members.

In addition to these targeted opportunities, the Department actively engages in coordinated training efforts with other State Banking Departments and has increased its focus on internal training methods as a cost effective means to enhance the skills and knowledge of its staff.



Lisa Ho

Management encourages employees to expand their educational exposure. The Professional Enrichment Policy provides reimbursement for tuition, books, and mandatory fees for completed job-related courses, provided certain requirements are met. This has resulted in staff members earning degrees in management, law, and masters in business administration. This continues to enhance the overall knowledge and expertise of our work force.

In addition to the primary office in downtown Indianapolis, district offices in Lafayette and Columbus are maintained. Each office is equipped to provide an efficient and secure environment for employees to carry out their responsibilities. The Department also leases space or has space available in Ft. Wayne, South Bend, and Terre Haute for examiners that live in these areas to utilize. The Department began promoting a more aggressive Telecommuting Policy in late 2007, in order to reduce travel expenditures and to provide an added benefit for our mobile workforce.

Division of Administration

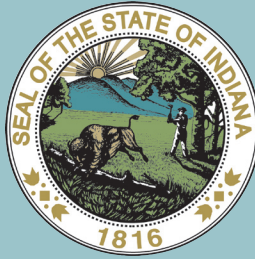


Beth Risacher

The Department continues to look for ways to better utilize technology. Internal application development as well as participation in various national technology committees provides an ability to research and implement efficient technology initiatives.

The Department maintains a toll free telephone number and consumers and industry representatives who desire to speak with a staff member are encouraged to call (800) 382-4880 with their questions and concerns. General information is also available on our website at www.in.gov/dfi. Regular business hours are 8:00 am to 4:30 pm at our primary office located at 30 South Meridian Street, Suite 300, Indianapolis, IN.

efficiency



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